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# ***JPRS Report—***

## **East Asia**

***Southeast Asia***

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# East Asia

## Southeast Asia

JPRS-SEA-90-034

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**Student Organization Involved in Plane Hijacking**

91SE0047A Bangkok KHAO PHISET in Thai  
19-25 Nov 90 p 11

[Text] 1. Report on the hijacking of a Thai airplane by Burmese students:

1.1. Ye Marn and Ye Htin Kyaw, the two air pirates who hijacked the plane, are radical Burmese students who belong to an organization called "Overseas National Students Organization of Burma, or ONSOB. This organization is led by "Dr Thiha." Recently, this organization split into two groups, one that favors using force and one that favors using peaceful means. The two air pirates belonged to the first group. This is the same group that threw explosives at the Burmese embassy last month.

1.2. Before the ONSOB was established, most of its members belonged to the group of U Ong Nu, the son of U Nu, the former prime minister of Burma. U Ong Nu has close ties to Major General Sutsai Hatsatin, the godfather of the Red Gaurs. Several months ago, it was

reported that U Ong Nu's group was behind the hijacking of a Burmese passenger plane. That hijacking was carried out by Ye Yin and Ye Thiha.

1.3. Before hijacking the Thai International Airways aircraft, this radical student group issued a statement on 9 November explaining its reasons and taking responsibility before hijacking the plane on 10 November. One of the few people who received a copy of this statement was Bertil Lintner, a Thai-based reporter for the FAR EASTERN ECONOMIC REVIEW.

1.4. Most of those who belong to the ONSOB receive financial support from the United Nations High Commissioner for Refugees (UNHCR). Many members have entered the country illegally using forged passports prepared by a gang that forges passports and visas. This gang, which operates near the Central Post Office and palace, charges anywhere from 5000 to 15,000 baht for its services. Most of its customers are Indians, Pakistanis, Bangladeshis, Sri Lankans, and Burmese.

## STATE OF CAMBODIA

### USSR Aid, Economic Development, Cooperation With Laos

91SE0054A Vientiane PASASON in Lao 18 Oct 90 p 3

[Report by Leut Saisana: "An Unforgettable Meeting of Colleagues"]

[Text] When we went to visit Cambodia this time, we were not only able to join in the celebration of the fifth anniversary of the newspaper, PRACHEACHON, but our group from PASASON also met and worked with the editorial staff of the newspaper (PRACHEACHON). Before this meeting our hosts arranged a program for us to visit the printing room and the construction site of their new office which was a modern building which included a printing room. For this they received grants from the Soviet Union which by 1992 were expected to amount to many millions of dollars. In addition we visited the computer room. The computer had just been installed. There was a printer with it which could make corrections, differentiate colors, and shrink printed material so that it was smaller than normal. Our hosts said that the cost of the installation and all the support equipment, including the air conditioning, was about \$45,000.

During our meeting, Mrs. Som Kimsour, the editor-in-chief of PRACHEACHON, reported briefly about national security and the new lives of the people of Cambodia. With regard to the economy the country had been able to export 10,000 tons of gum benzoin, expand the area of rubber trees by 51,000 hectare, and increase the area of rubber tree seedlings to 2,000 hectare. They had been able to expand the area of rice cultivation by 41,900 hectare and export 150,000 cubic meters of logs. With regard to industrial production and handicrafts,

they had been able to exceed the goal and produce products worth 5.746 billion riel (Cambodian currency). These accomplishments were the result of the expansion of many sections of the economy in accord with the policies of the Cambodian party and government. Education, public health, propaganda, and culture had also expanded a great deal. There were a total of 1.6 million students throughout the country; the number of students in elementary education had increased by 54.8 percent compared with 1989. With regard to their own profession our Cambodian friends said that it was very difficult; the newspaper, PRACHEACHON, had 40 cadres of whom only one third were reporters. In the past the newspaper had been printed two times a week. This later increased to three times a week, and it had been expected to become daily during the celebration of the fifth anniversary (12 October 1986 to 12 October 1990), but our friends said that they had had problems with paper and electricity. With regard to culture and efforts to encourage education and public health in Cambodia, the country had worked especially hard to produce video tapes and there were 152 companies capable of supplying almost 80 percent of the demand for videos in Cambodia. This reduced the importation of foreign videos a great deal. The videos produced in Cambodia were preferred to those from abroad even though the viewing fee was higher than for foreign videos. With regard to the cooperation between our two newspapers both our editors-in-chief said that we should continue to exchange high-level and mid-level representatives and reporters on a more regular basis than in the past. During the meeting this time both sides stressed the need for increased solidarity between the two services as well as between the peoples of Laos and Cambodia so that they could together gain mastery in the ideological battlefield. In the changing and complex international situation today we must cooperate in our propaganda on the pages of the party newspapers of the two countries.

**Minister on Use of Singapore Facilities by U.S.**

91SE0057A Jakarta *KOMPAS* in Indonesian  
19 Nov 90 p 8

[Text] Jakarta (KOMPAS)—Coordinating Minister for Political and Security Affairs Sudomo reiterated that Indonesia has no objection to the agreement on expanding U.S. military facilities in Singapore. He said he is confident that the U.S.-Singapore accord will not result in the establishment of a U.S. naval base in Singapore like the one at Subic Bay in the Philippines.

However, when Sudomo was interviewed by reporters on Friday night [16 November], he said that Indonesia's position is not the same as approval. "As President Suharto said, Indonesia has no objection. Thus, the expansion of the military facilities is no problem for us," he said.

President Suharto expressed Indonesia's position to Singaporean Prime Minister Lee Kuan Yew when the prime minister visited Jakarta in October 1989, about nine weeks after Singapore offered the military facilities.

Considering the size of Singapore, Sudomo said, there is no possibility that a military base will be built there. "The arrival of just three or four destroyers will be more than they can handle," he added. In his view, Singapore can accommodate U.S. naval ships merely for repair and maintenance or for personnel rest and recreation. The presence of the U.S. military will provide Singapore with foreign exchange.

Sudomo said that from the viewpoint of secrecy, as well, it is not possible for Singapore to build a base. "Let us not then be led astray by the view that a naval base is to be built there," continued Sudomo. He added that economic aspects are dominant in the agreement.

**Commercial Purpose**

Meanwhile, LIPI [Indonesian Science Institute] researcher Dr. C.P.F. Luhulima, said in a separate KOMPAS interview on Saturday [17 November] that Singapore's agreement with the United States is merely a commercial one. Nevertheless, the presence of U.S. forces in this region will enable the ASEAN nations to continue to expand their economies.

Luhulima feels that with global reduction of tension there is no longer any competition between the United States and the Soviet Union. Luhulima sees two aspects of Singapore's action in signing the memorandum of understanding (MOU) with the United States. First, Singapore protects itself from the big powers; and, second, it makes a profit by supplying services.

On Tuesday [13 November], Singapore and the United States signed an MOU on an agreement permitting the U.S. Navy and the U.S. Air Force to expand their military facilities in Singapore. Singaporean Prime Minister Lee Kuan Yew and U.S. Vice President Dan Quayle

signed the MOU in Tokyo, where they were attending the coronation of Japanese Emperor Akihito.

A U.S. official said that the number of permanent U.S. support personnel in Singapore will be increased from 20 to 95. During training exercises, which last for several weeks each, 75 additional men and women from the U.S. Air Force will be brought in temporarily.

**No Change**

Dr. Luhulima said further that the pact does not change the geopolitical situation in Southeast Asia. "Because of the traditional trust among nations of the region, the agreement will not change anything. The region's economic growth can continue," he stated. Traditionally, Singapore is recognized as a port of call for all kinds of ships.

Furthermore, he feels that because of the effort to develop a three-way growth center involving Batam, Singapore, and Johor Baharu, the agreement can be seen as an assurance for Singapore itself. "In other words, there is a commercial element in it," he explained.

U.S. warships moving from the Pacific to the Indian Ocean always need a port. Because such ship movements are a permanent activity, a place is needed where personnel changes can be made and ships repaired. Thus, if the Philippines can no longer meet the needs of U.S. naval forces, Singapore can take its place.

Several political observers feel that the agreement is symbolic and an attempt to put pressure on the Philippines. The United States and the Philippines are discussing whether to close the six U.S. military bases there or extend their presence again when contracts end in September 1991.

**AT&T, NEC Win Telephone Switch Contracts**

91SE0050B Jakarta *TEMPO* in Indonesian 17 Nov 90  
pp 90, 91

[Text] Two elephants wrestle. Two elephants laugh. Two mousedeer smile. That is probably the best way to illustrate the outcome of the repeat tender for STDI (Indonesian Digital Telephone Switch) II, which was announced on Saturday of last week [10 November]. The result was similar to that of the first tender: anticlimactic. The difference is that the first tender was postponed without a winner. This time it went to completion, but with two winners.

A tender with two winners probably happens only in Indonesia.

This came eight months after the first tender was canceled in early March. The first tender was contested hotly by four bidders, two of which were AT&T (American Telephone and Telegraph) from the United States and NEC (Nippon Electric Corporation) from Japan.

These two companies are indeed of elephantine, phenomenal proportions. AT&T was openly supported by U.S. President George Bush, while NEC is clearly the number one telecommunications company in Japan. Readers probably still remember that during the first tender George Bush wrote a letter to President Suharto, in which he asked that the tender be conducted as fairly as possible.

Bush's request has now been fully granted. The Indonesian Government has decided that both AT&T and NEC are winners of the STDI II tender. How can this be? Easily, it appears. The size of STDI II, originally for only 350,000 SST [telephone connection units], was doubled to 700,000 SST. AT&T and NEC won 350,000 each.

The two "smiling mousedeer" picture the two domestic firms that will be the partners of AT&T and NEC. The one that is certain is PT [Limited Company] Elektrindo Nusantara, a subsidiary of the Bimantara Group. The selection process for the other local partner is still under way.

According to a TEMPO source, the naming of the second partner is not going to be by appointment, as was the selection of Elektrindo Nusantara three years ago. The process involves a tender open to both private companies and BUMN's [state-owned business enterprises].

Even apart from the question as to who will be the second local partner, STDI II has become a prestigious project, although its value is not too startling. Under the first tender, ALCATEL bid only \$382.2 million, while AT&T and NEC bid \$265.4 million and \$297.6 million, respectively. None were above \$300 million. Compare that with the olefin plant at Cilacap, which will have an investment of about \$1.7 billion.

The bids on this tender will clearly be lower than under the first, since all participants were certain to reduce their bids in their attempts to win.

PERUMTEL [Telecommunications Public Corporation] Principal Director Cacuk Sudarjanto declined to reveal the amounts of the winning bids. "Calculations will continue until the moment the agreement is signed in January 1991," he said.

According to a reliable source, however, AT&T's bid is \$298 million. This includes a \$195-million commercial loan at 11 percent interest for importing goods and services. The remaining \$195 million is a soft loan at 3.5 percent interest. This soft loan reportedly will not be entirely for STDI II, for the Indonesian Government can use it for other purposes.

Thus, AT&T's part of STDI II is valued at only about \$208 million. NEC's bid, the source said, is \$252 million. Unlike AT&T, the Japanese company did not include funds for use outside STDI II, but its soft loan of \$175 million is quite large.

The validity of this source's information cannot be confirmed. If it is not true, questions are certain to arise about the government's method for selecting NEC and AT&T.

According to Cacuk, technology was also a top consideration. Besides technology considerations, the two companies must also be able to work together, and STDI II must be connected to STDI I, which was provided by Siemens. Funding was another criterion. The government required that the winner must provide a 3.5-percent soft loan, with a repayment period of 18 percent [as published] and a 7-year grace period.

"All tender participants guaranteed there would be soft loans," Cacuk told TEMPO's Dwiyanto Rudi. The only two who fulfilled technology requirements were AT&T and NEC.

Another worrisome aspect was the government's basis for raising the capacity of STDI II from 350,000 to 700,000 SST. Many observers suspect that the reason was entirely political. It is a fact that the home countries of both NEC and AT&T are Indonesia's friends with regard to loans. Although in the small category, U.S. loans last year were \$90 million. Through the IGGI [Inter-Governmental Group on Indonesia], Japan lent \$1.46 billion.

However, Soesilo Soedarman, minister of tourism, post, and telecommunications, categorically denies any political consideration. He says the expansion of STDI II was made to expedite additional telephone connections in Indonesia. At this point, Indonesia should have 7 million telephones, but as of the current REPELITA V [Fifth 5-Year Development Plan] the government is claiming only 1.4 million.

"That is the reason," the minister told TEMPO correspondent Iwan Qodar Himawan. With the selection of two tender winners, the government hopes that the demand for 10 million telephones by the year 2000 can be met. "We don't want to be last," he declared. By contrast, 35 percent of the population of Singapore have telephones. In Malaysia, the percentage is 15 percent. Indonesia does not yet have five percent.

Is the demand so pressing that expanding the capacity of STDI II had to be done so suddenly? "Oh, I don't think it was sudden. The decision was no different than decisions to import cement or trucks. It was based on evaluations," he stated.

After the contract is signed in January, plans call for AT&T, NEC, and the two domestic companies to install the STDI II network over a period of three years. To expedite this big project, the two giant companies will import 400,000 SST, and local partners will supply 300,000 SST.

The 700,000 SST will be installed at 110 locations throughout the country where they are truly needed.

"Priority and evenness of distribution will be considerations in the installation of new lines," said Arnold Ph. Djiwatampu, chief of the Telecommunications Directorate.

Merely choosing the locations is no small job, but with the completion of the repeated tender Indonesia can breathe a sigh of relief. Including the time needed for the feasibility study begun in April 1987, the government spent almost four years on the process before arriving at a decision.

First, the feasibility team led by Minister of Research and Technology Habibie had to study the applications of 45 international telecommunications firms. The team of 16 telecommunications experts, consisting of government officials plus three international consultants, finally narrowed the participants to 11 companies. Then, in October 1989 the number was reduced to five firms.

The diplomatic war followed. It was not only George Bush who had to be faced carefully. Consideration also had to be given to decision-makers in Japan and to Australian Foreign Minister Gareth Evans, who spoke on behalf of Ericsson's Australian branch.

President Suharto successfully led Indonesia out of the crisis caused by the first tender, in which AT&T and NEC hotly competed. The president promised that the tender would be conducted as fairly as possible. The results are what we see now. Two winners crossed the finish line after contending in a long, wearying process.

#### Foremost ASEAN Recipient of Foreign Investment

91SE0057B Jakarta ANGKATAN BERSENJATA  
in Indonesian 19 Nov 90 p 5

[Text] Jakarta (ANGKATAN BERSENJATA)—Indonesia is now emerging as the largest recipient of foreign investment among ASEAN nations. Foreign investment applications approved by the government in just the first 10 months of this year total \$7.6 billion, according to Sanyoto Sastrowardoyo, chairman of the Capital Investment Coordination Board (BKPM).

Speaking to a Korea-Indonesia industrial and investment cooperation conference at the Hilton Hotel last Wednesday [14 November], Sanyoto disclosed amounts invested in export-oriented projects. During the last three years, he said, more than 70 percent of investments, both foreign and domestic, have been for production of exports. In fact, in certain industries, including finished clothing, shoes, and electronics, there are factories that export their entire output.

South Korean investment in Indonesia has been rising rapidly, Sanyoto said. As of 1986, there were only 17 South Korean projects here. They were valued at \$261 million. In the next three years (1987-89), however, the BKPM approved 94 new capital investment projects with a total investment of \$712.2 million. Moreover,

from January to October 1990, the BKPM accepted 56 Korean investment projects valued at \$625.9 million. Thus, from 1967 to October 1990, approval was given for 176 Korean projects with a total value of \$1.6 billion.

Sanyoto also described the great interest of foreign investors in doing business in Indonesia, especially over the last four years. Total foreign investment approved by the BKPM in 1986 was only \$826 million, much lower than in the previous record year of 1983, when \$2.8 billion was invested. Approved PMA [foreign investments] jumped sharply in 1988 to a new record of \$4.4 billion. The record was broken again in 1989 with \$4.7 billion.

An even sharper increase in foreign investment has occurred this year. PMA projects approved from January to October were valued at \$7.6 billion, very much higher than for all of 1989. "With this figure, Indonesia is the largest recipient of foreign investment among ASEAN countries," he said.

Park Ho-Taek, vice president of the Korea Trade Promotion Corp. (KONTRA), who led the South Korean delegation to the conference, said that his group consisted of businessmen representing 51 enterprises with experience in Southeast Asia.

In his speech, Park said that Indonesia and South Korea have been working hard to contribute to the international economy by overcoming the obstacles that they face in the form of chronic capital limitation and weak technological competitiveness. As a result, the two countries are now in the forefront of the developing nations. As developing countries, both have a responsibility to advance the world economy. To accomplish this, Indonesia and Korea need to strengthen their economic relations.

He added that the objective of this meeting of Korean and Indonesian businessmen is to further explore and expand bilateral economic ties and technological cooperation.

Park said that Indonesia-Korea bilateral trade barely exceeded \$1 billion in 1982 but reached \$1.8 billion in 1989, when Korean exports to Indonesia were worth \$666 million. Its imports from Indonesia were valued at \$1.14 billion.

#### Industrial Conversion

Sotion Ardjanggi, chairman of the Indonesian KADIN [Chamber of Commerce and Industry], said in a speech read by Deputy KADIN Chairman Tony Agus Ardie that South Korea has been gradually moving from light industry to heavy and basic industries as part of their factory relocation process. Their objective in this is to retain their competitive position and to keep the world market share that they have won.

He believes that now is the right time to expand cooperation between businesses in the two countries. He cited

cooperation in the industrial estates sector as a way to accommodate the relocation of Korean industry to Indonesia.

We hope that economic ties between Korea and Indonesia will continue to grow, he said. In fact, he hopes that in the not too distant future the volume of trade between the two countries will break the \$2 billion mark. This will be made possible by the growing volume of Korean investment in Indonesia. We hope this will mark the expansion of trade, investment, and economic relations among developing countries in the Asia-Pacific area, which will be the foremost region in future international trade, he said.

### **Regional Military Chief Interviewed on Aceh Situation**

*91SE00504 Jakarta TEMPO in Indonesian 17 Nov 90 pp 32-34*

[Interview with Major General Pramono, commander of Military Region I, by TEMPO staff on 20 October; place not given]

[Text] In order to learn more about the current security situation in Aceh, TEMPO's Syahril Chili and R. Fadjri interviewed Major General Pramono, 51, on 20 October while he was on a visit to Yogyakarta. The following is a portion of that interview:

[TEMPO] What is the current security situation in Aceh?

[Pramono] Daily life is returning to normal. It's not better than before, but better than it was for a time. We are working toward stabilization and the upbuilding of the community so that conditions will be truly good, that is, peaceful and prosperous. However, that does not mean that we are lax in conducting operations, especially in looking for the intellectual leaders.

[TEMPO] Do the terrorists indeed have intellectual leaders?

[Pramono] You know about the leaflets, don't you? Even reporters were threatened. If there were not intellectuals, they wouldn't have been able to produce leaflets like that.

[TEMPO] Is there a target date for completion of the operations?

[Pramono] Initially, the plan—as ordered by the PANGAB [Armed Forces Commander]—was to complete "repressive" type operations by December of this year. But whether it will be finished or not is up to the Almighty. We are now emphasizing "repressive" operations. Constructive operations serve as support.

[TEMPO] What is the impact of terrorist activity in Aceh?

[Pramono] The people themselves can tell the difference between good and bad actions.

Moreover, government officials can see needs as they go about their duties. The people of Aceh need to realize that they cannot depend on the government for everything. They have to make efforts themselves and not just be passive, saying, "I must have this or that." That's impossible. There are seven giant, nationally vital projects in the area. The people should take advantage of those projects. That does not mean, of course, that the projects can hire all the people of Aceh. The important thing is manpower quality. Whether Minangkabau, Javanese, Buginese, Irianese, or Acehnese themselves, anyone may work as long as he meets the quality requirement. If it were otherwise, how could the projects make any profit?

[TEMPO] There is no discrimination, then?

[Pramono] That's true. But there are some groups who always raise this issue in order to stir up the community, despite the fact that the situation is not different from conditions in other regions. Actually, conditions in other areas, such as Kalimantan and Irian, are much worse than in Aceh, but people in those areas never revolt or do things like that. The political awareness of the Acehnese people needs to be improved, particularly with regard to loyalty to the nation and the state.

During meetings earlier this month, I had dialogues with leaders of the Acehnese community, including some from outside Aceh, from Central Java, East Java, and even from Malaysia. I told them, as religious people we should not be so narrow and doctrinaire. Culturally, we should not be "primordial." We must absorb good values that don't produce contention. Let's don't be so rigid. Pancasila embodies openness.

[TEMPO] Do you see socioeconomic disparities in Aceh?

[Pramono] When one compares conditions in that area with those elsewhere, it is clear that there are differences. But they are not great differences. It's only natural that there will be differences between progressive societies and traditional ones. Thus, the disparities are problems of communication. If there is communication, there will be no unrest. The big industries in Aceh actually have done much in the social sector for the Acehnese people.

[TEMPO] Are socioeconomic disparities the main reason for the existence of the terrorists?

[Pramono] As I said earlier, the disparities provide an opportunity. We must together find a solution.

[TEMPO] What kinds of crimes have been committed by terrorists in Aceh?

[Pramono] Last July, terrorists killed a transmigrant by cutting his throat with a saw. Newcomers living in East Aceh and North Aceh have been threatened and ordered to leave Aceh. Because there have been dozens of victims among transmigrants, security forces have been obliged to go into transmigration areas to protect the residents. Terrorists have committed all kinds of things. A faithful

Muslim was murdered as he finished his prayers. On 17 August, some people were warned not to hold independence day celebrations.

Because of that, in early August we put up the "Red and White" [Indonesian flag] all over Aceh Province, and not just from 16 to 18 August, either. We stuck a paper flag on every house. Terrorists took some of them down, but whenever members of the community caught them at it they chased them away. People in Aceh now dare to confront the terrorists, who are under pressure because they have pulled out of the community. Since the community doesn't support them any longer, they are not so bold.

[TEMPO] Are you going to release other terrorists, as you did those in Lhokseumawe? Or do you intend to bring them to trial? What are your criteria?

[Pramono] Some laws are not in writing. We will release the ones who took part simply because they were threatened, and the unimportant ones. We will bring the important ones to trial. We are not keeping the ones we released under surveillance; we indoctrinated them so that they understand. We may also be able to use them to help us.

[TEMPO] What about the number of bodies that were found and identified as terrorists?

[Pramono] Yes, I read that in TEMPO. They were actually victims of the terrorists themselves. Sometimes, they kill those who surrender or who help us. That's true; I'm not making it up. You say that the bodies were bound like this (Major General Pramono put his two thumbs together) and that civilians would not have done that. How would they know how to tie people up like that? Because some of them are deserters from the Army.

Many of them wear Army uniforms, too. Uniforms are easy to get, especially in Bandung. Only one or two have deserted, but they know the techniques and teach them to others. Thus, they do things like that so that people will think we did it. They try to exploit our weaknesses and discredit us so that the community will hate the Army. If intellectuals were not behind this, it wouldn't be possible.

Thus, terrorists who surrender are considered traitors. After we indoctrinate them, we release them, but on the way home the terrorists kill them. Once there were some transmigrants who joined them but later surrendered. When they reported to us, there was no problem. Because they had been forced to join the terrorists, we released them and sent them home. On the way, they were killed by the terrorists.

[TEMPO] How do you indoctrinate terrorists who surrender?

[Pramono] They are indoctrinated by Territorial Operations, KAMTIBMAS [Public Security and Order] Operations, Sociopolitical Operations, and Combat Operations. Intelligence activities are the main ones.

[TEMPO] How many terrorists have been killed in the operations going on now?

[Pramono] Many. It happens almost every day, because they resist. We learn about their hiding places through intelligence operations. When we surprise them, they resist. If they didn't resist, we would take them alive and process them.

[TEMPO] Where do they get guns?

[Pramono] They steal them by raiding security outposts.

[TEMPO] Aren't there other sources?

[Pramono] I'm not sure. Once we found pistols that didn't come from ABRI [Indonesian Armed Forces]. I don't know where they got them.

[TEMPO] How many did you seize?

[Pramono] Not many, but we did find some, and we are concerned. We have a situation like this while we as a country want to enter the "take-off" era. How do they think? Do they want to live by themselves?

[TEMPO] Do the terrorists give any indication of being a separatist movement?

[Pramono] I can't be sure. We will have to see what comes out in their trials.

[TEMPO] When will the arrested terrorists be tried?

[Pramono] After December, so that there will be no interference with our operations. We will make changes when the operations are complete, if the situation continues to improve. The main thing now is the intelligence operation. Naturally, we're not going to reduce the intensity of that.

Later, when everything has been successful, the territorial operation will be the basic one, meaning that we will build up the community by improving social conditions. For example, the Regional Government has received an allocation of 65 billion rupiah for community needs, such as water pumps and Muslim boarding schools. There will also be activities under the AMD [ABRI Village Assistance] program.

[TEMPO] Where are the arrested terrorists being held?

[Pramono] At certain places in Aceh and Medan. There are about 20 of them. Yesterday, one of those being held in Medan was sent to Lhokseumawe for release. Lhokseumawe is the center of operations. The motivation of some of the terrorists is merely to get something to eat. People like that are useful to us, for as long as they get something to eat, they don't care whom they work for. When they have eaten, they name A, B, or C as terrorists.

[TEMPO] Where is their headquarters?

[Pramono] That's what we're looking for. It's somewhere in the three regencies. We have caught many of their gang leaders but not their top leaders. Maybe it will be soon.

[TEMPO] What is the present strength of terrorists in Aceh?

[Pramono] About 200, but that was an earlier figure. We have now released many of them. I can't really say, for there is no end to them. I may cite a certain figure, but then I release 140 of them. There are 10 to 15 of the really vicious ones, the core.

[TEMPO] How do they influence the people?

[Pramono] Their influence has been tremendous. As proof, when we began operations in July, it was hard to tell who was a terrorist and who was not. They lived in villages with the community, and no one was willing to report them. That meant the community was under their influence.

We have now been able to screen out the obvious ones from the subtle ones. I have told the community: if you find a terrorist, kill him. There's no need to investigate him. Don't let the people be the victims. If they don't do as you order them, shoot them on the spot, or butcher them. I tell members of the community to carry sharp weapons, a machete or whatever. If you meet a terrorist, kill him.

[TEMPO] Isn't an investigation necessary?

[Pramono] No investigation is necessary. The problem now is how to make members of the community dare to protect themselves. That's the important thing, isn't it?

#### Tight Money Policy Urged for Controlling Inflation

91SE0057D Jakarta KOMPAS in Indonesian 16 Nov 90 pp 1, 8

[Text] Jakarta (KOMPAS)—Inflation reached 9.1 percent by the end of October. The rate at which inflation has been rising should strengthen our resolve to bring it under control. A policy of tight money for pushing inflation down to an acceptable level should get most of our attention.

Minister of Finance J.B. Sumarlin urged this as he inaugurated Tugubank in Jakarta on Thursday [15 November]. Meanwhile, Central Bank Governor Adrianus Mooy made similar statements after speaking at an Indonesian Netherlands Association (INA) luncheon.

The positions of these two monetary authorities were supported by former Minister of Mining Mohamad Sadli, who also attended the program held by the INA to welcome the visit of a Netherlands business delegation to Jakarta and Surabaya. "We are not supermen. An inflation that is two digits under 11 percent at the end of the year will be acceptable," Sadli said.

#### Reduce Quality

Finance Minister J.B. Sumarlin said that for the sake of monetary stability, especially protection of the real profits of banks and their customers, the banks should be prepared to deal with the rapid rise in inflation. "Inflation greater than REPELITA V [Fifth 5-Year Development Plan] projections could destroy the meaning of the annual five percent growth target. In fact, if inflation is greater than economic growth, there will be a decline in the people's quality of life," he said. REPELITA V projects an annual inflation of five percent.

The government has introduced integrated policies for the control of inflation. From the aspect of public demand, these include fiscal, monetary, and business policies. There are also policies that apply to the "real sector," or public supply. However, these policies need to be balanced by greater maturity in the banking community and by greater understanding on the part of the public.

"We do not need to find someone to blame for higher inflation, since inflation is related to our relatively high economic growth, especially over the last year. Public demand, or consumption, has risen faster," the finance minister explained.

The minister explained to the press that since the tight money policy is only temporary, the nearly 30 percent interest on credit will not last long. "This is just temporary. The credit interest level is a function of the cost of mobilizing the community's funds. When the monetary situation has eased, interest will come down, since the cost of money will also decline," he said.

How soon the high credit interest, which limits investments, will be reduced depends on how fast we can reduce inflation, the finance minister said. In fact, he feels that the banking community already fully understands the need to cut inflation. Are there still banks that are obstinate? "No, they understand," he said.

#### Not 'Supermen'

At the INA luncheon on Thursday, Central Bank Governor Adrianus Mooy commented on a statement by Minister of Mining Sadli, as reported by one of the media, that the public should not expect inflation to be kept under two digits. Besides the short time remaining—with only a month and a half left in the year—neither the government nor the public are "supermen," Sadli had said. "Pak Sadli [Minister Sadli], it is true that we are not supermen, but we will continue to work hard to keep inflation below two digits," the Central Bank governor stated.

He declined to specify the inflation reduction target for the rest of 1990. He also did not say how much of a two-digit inflation can be tolerated or considered moderate if inflation cannot be restrained. "We will keep it as low as possible," he said.

Mohamad Sadli explained that external factors, such as the Gulf crisis, have a bad effect on inflation. This is being felt in Singapore and is evidenced by the number of banks being opened and the number of offshore loans being received by Indonesian banks. According to Sadli, offshore loans need to be controlled, but written regulations are not needed. "Persuasion by the Central Bank will be enough," he said.

### Cooperatives To Stress Help for Low-Income People

91SE0057C Jakarta *KOMPAS* in Indonesian 12 Nov 90  
pp 1, 5

[Text] Surabaya (KOMPAS)—KOSGORO [Multifunction Self-Help Cooperative] has designated GOLKAR [Functional Group] to be the vehicle for channeling the political aspirations of the cooperative's members. As a community social organization, KOSGORO will emphasize resolution of socioeconomic problems in order to raise the standard of living of low-income people.

Soeprapto, the new KOSGORO general chairman for the 1990-95 term of office, said this on Saturday night [10 November] at the Elmi Hotel, Surabaya, in reply to a KOMPAS question after the closing of the Sixth KOSGORO MUBES [General Conference].

The former Bengkulu governor said that as the new general chairman he cannot guarantee anything but is determined that his administration will fulfill the mandate of the MUBES. "I will work hard to raise the quality, capabilities, and effectiveness of the organization's administration and of KOSGORO members, so that KOSGORO can improve the lives of low-income people," he said.

Soeprapto also said that KOSGORO's most important job is to raise the standard of living of low-income people. Indonesian economic conditions are in fact better than in the past, but there are still great gaps in the lives of low-income people, who have yet to enjoy the benefits of even distribution. "I will seek ways to resolve these problems of social disparity and uneven distribution after gathering complete and concrete data," Soeprapto said.

### Program

He said that under his program, KOSGORO will give priority to cooperatives, such as taxi operations, peddling, and sidewalk vending, that touch the lowest level of the community. "In other words, we will emphasize cooperatives that support the little people," he declared.

With regard to the 1992 general election and the issue of national leadership succession, KOSGORO will channel its aspirations through GOLKAR, its comrade in battle. "A close partnership exists among KOSGORO, SOKSI [Central Organization of Indonesian Socialist Workers], and GOLKAR," Soeprapto said.

He hopes that the new KOSGORO administration will be much better than previous ones, Soeprapto said. Input from MENPAN [Minister of Reform of State Apparatus] Sarwono Kusumaatmaja is expected to motivate KOSGORO members to expand their roles in the life of the community, nation, and state as we move toward justice and prosperity. "As MENPAN, he certainly knows what KOSGORO should do," he stated.

In order to accomplish KOSGORO's program, which is now being formulated specifically and concretely in accordance with the KOSGORO concept of community self-help and solidarity, all directors must do their best for the sake of low-income people. "We will recall any directors who merely sit around without working," he declared.

### Work Hard

Under the new administration, KOSGORO will emphasize hard work over pompous speeches. "The best thing is to talk little and work much, because KOSGORO's struggle is for the people at the lowest level of society," he asserted.

KOSGORO leaders for the 1990-95 term have been selected, and most of them are young cadres. Soeprapto is assisted by 17 chairmen, a secretary-general, five deputy secretaries-general, a treasurer, and three deputy treasurers.

Drs. H. Agung Laksono, former chairman of AMPI [Indonesian Renewal Youth Organization], was chosen as secretary-general. Ludin Sianfar is treasurer. MENPAN Sarwono Kusumaatmaja is one of the 17 chairmen.

**U.S.-Aided Crop Substitution Project**

*91WD0127A Vientiane PASASON in Lao 5 Oct 90 p 1*

[Text] The building of the road to the new development area of Son District, which is affiliated with Vieng Thong District of Houa Phan Province, is under the control of the Lao-American countryside development project. The No. 1 Irrigation Construction Enterprise, the Houa Phan Road Construction Enterprise, and the Highway 6 Construction Enterprise received the construction contract. From the end of 1989 until 30 September they had been able to build more than 30 km of the road from Hiem to Son, a distance of 61 km.

Comrade Kham-ong Thibounma, the head of this project told KHAOSAN PATHET LAO reporters that the reason for building the road through the countryside to Son District was that in developing the countryside there the roads had to be built first. Then irrigation and hydroelectric power could be built in two locations which would provide the multi-ethnic people with a fixed place to live and method of making a living raising various crops instead of raising opium.

Under the Lao-American project to develop the countryside, the American government is to provide assistance funds of \$8.7 million to the project to develop the countryside of Son District and Houa Meuang District. At present the project has received \$700,000, leaving \$8 million. It is expected that the American government will soon provide more funds according to the agreement.

**Japanese Aid for Northern Province**

*91SE0055A Vientiane PASASON in Lao 17 Oct 90 p 1*

[Unattributed report: "The Japanese Government Provides \$600,000 of Aid in the Form of Vehicles and Equipment To Develop Agriculture in Louang Namtha Province"]

[Excerpt] Recently the administrative committee of Louang Namtha Province met with Japanese agricultural experts to advise them concerning the \$600,000 (American) worth of vehicles and equipment which the Japanese government agreed to grant Louang Namtha Province to be used to develop agriculture there.

The assistance is to include a bulldozer, a grader, a lotto, an excavator, an equipment transporter, a fuel tank truck, two lotdam, and two tractors with plows. In addition there are to be cement mixers, generators, and machinery to be used in clearing land etc. [passage omitted]

**Foreign Aid Received for Medical Aid**

*91P30045A Vientiane PASASON in Lao 29 Sep 90 p 1*

[Excerpt] (KPL)—Local reports state that early this year Saravane Province received foreign aid funds from France's Doctors Without Borders organization

amounting to more than 500,000 dollars. This will be used in public health development in that locality, mainly in the area of Saravane District and to expand the hospitals in Ban Sen Vang, and Ban Kasa.

Presently, the appropriate sectors in the province are concentrating on repairing and further construction on a 100-bed hospital. [passage omitted]

**Use of Foreign Aid in Luang Prabang**

*91SE0055B Vientiane PASASON in Lao 13 Oct 90 p 3*

[Report by Noum Meuang Louang: "Social Welfare and Veteran's Affairs Activities in Louang Prabang Province"]

[Excerpts] Comrade Khamphou Khothisen, the deputy head of the social welfare and veteran's affairs service, informed our group of reporters that throughout Louang Prabang Province [passage omitted] the service had received a total of 122,713,000 kip in aid from 39 international organizations. [passage omitted] The Quaker Organization has provided assistance for building schools and [water storage containers]; in the past five years they have built five schools and eight [water storage containers]. The Mennonite Friendship Organization has provided aid for improving the standard of living and raising society's capabilities for caring for the lepers of Ban Pakleum Village, Phoumiang Canton, Chomphet District; for example, [they provided] rice mills, sewing machines, [equipment for water], iron forging tools, and equipment to augment the leprosy medicine. They conducted projects to raise five hectare of cotton and kapok, build a guest house, and start various training groups. This was valued at \$18,156.27. They also have a plan to assist setting up a pharmacy in 1990-1991 valued at \$1,000; this will include 27 different kinds of medicine which will be presented to the village administration to provide operating funds. The International Organization for the Disabled provided assistance for the manufacture of artificial limbs for the disabled such as: artificial arms, legs, and hands; canes and wheel chairs. The Vatican Embassy provided assistance for those affected by various natural disasters such as: fires, floods, and droughts, etc. The UN High Commissioner [for Refugees] provided assistance for Lao people voluntarily returning to Laos. Over the past five years 31 projects worth 110,322,000 kip have been 100 percent completed. Eight projects remained unfinished which were valued at 12,391,000 kip. They were not finished because of incomplete equipment, insufficient construction materials, delays in communications abroad concerning assistance, delays in one activity causing delays in other activities, and the failure to summarize and draw lessons which caused international organizations to be dissatisfied with those responsible - for example the [water system] for Pakseng District was not finished and aid for the [water systems] for Ban Lat-en Village and Ban Houai Seo Village was stopped. Many projects have not been finished because service officials did not continue

their project inspections concerning what was lacking and how much had been finished so that they could request assistance from international organizations. The materials for the projects which had been held up arrived in Luang Prabang Province in August 1990. Provincial public health service officials were continuing with the projects so that they would be finished according to plan. In addition to receiving aid from various sources, the social welfare and veterans affairs service worked closely with other provincial services, especially the agricultural service, the provincial party office, and the administrative office, in supervising the distribution of 16,097 tons of assistance rice to the multi-ethnic people throughout Luang Prabang Province. Funds for this rice came from various international organizations through the UN World Food Program; these included the Mennonite Organization [Mennonite Central Committee], 500 tons; the CIDSE organization, 3,600 tons; the Penut organization, 1,500 tons; the World Food Program provided aid three times for a total of 8,076.7 tons; Sweden 1,800 tons; the UN High Commissioner for Refugees' 100 tons; the Vatican Embassy, 200 tons; France, 250 tons; and the Children's Fund of England, 70 tons.

When asked about plans for the end of 1990 and future years, Comrade Khamphou responded that for the end of 1990 and future years officials of the social welfare and veterans affairs service had appropriated the aid funds for five more projects valued at 128,725,000 kip such as the project to repair the reception center for returning Lao emigrants at Ban Phonpheng Village, Luang Prabang District at a cost of 3,500,000 kip, the project to repair the vehicles of the service at a cost of 110,000 kip, the project to start training classes and international seminars related to the return home of emigrants to the 10 provinces of the North which will start in Luang Prabang Province and will cost 5,150,000 kip, and providing rice worth 112,800,000 kip to help those sections which suffered adversity and various natural disasters. These five projects will cost a total of 121,420,000 kip. Service officials will work to complete estimates by the end of 1990. The United Nations will strive to complete another project costing 7,300,000 kip by the end of 1991 which will assist in providing work for the Lao people returning to this country.

### Security Forces Wipe Out Enemy, Opium Plots

91WD0127C Vientiane PASASON in Lao 9 Oct 90 p 3

[Excerpts] The soldiers of Company 14 and the guerrillas of Ban Namsoi Village, Viang Kham District, Luang Prabang Province make up a well-organized armed force. [passage omitted]

For the past five months a group of bad people have conducted operations in many areas to disrupt the building of the country and the creation of a new life for the people. This group also caused disorder several times in some localities. In the tradition of bravery and mastery in defending the nation and their locality and land, the soldiers of Company 14 worked with the guerrillas of

Ban Namsoi to rigorously improve their forces, to mobilize the people to gain mastery and become their ears and eyes, and to destroy every scheme of the enemy. For five months, from 14 November 1989 to 22 March 1990, they conducted 17 sweeps for the bandits in the areas of Phou Viang, Sam Sao, Houai Kadeum, Houai Li, Houai Sin, Houai Kouang, Houai Sa-niapi, Tham Hing and Tham Pong. They killed 13 of the enemy, wounded 11, captured one grenade, captured five tons of unhusked rice and 100 kg of milled rice, destroyed two opium fields and a number of other things.

In addition to activities to assure that the combatants of Company 14 increased their knowledge of the correct political ideology and recognized their political duties, the provincial military headquarters held three training sessions for the officers and men so that they would have sufficient capabilities in military strategy. At the same time none of the cadres and combatants reduced their study of their specialties. Because of their great affection for the officers and men and their bravery, the people, farmers and merchants throughout the district became concerned about the living standards of the combatants and brought a large quantity of household items and food to the members of Company 14 - this was valued at more than 1 million kip including 352,717 kip in cash.

### Report on Narcotics Seminar for Police, Customs

91WD0127B Vientiane PASASON in Lao 10 Oct 90 p 1

[Text] With the cooperation of the American Customs Department and the American Embassy in Laos, the Lao National Committee for the Control and Suppression of Narcotics held a seminar for Lao customs and police officials concerning the techniques of searching for drugs. It was held in Vientiane from 1 October to 9 October. A total of 35 cadres from the Vientiane municipality and various provinces took part.

The seminar was very effective. In addition it provided an opportunity for American and Lao customs officials to exchange personal experiences and reach a better understanding.

At the close of the meeting today at 1200 hours at the Lan Xang Hotel, Mr. Souban, the chairman of the Lao National Committee for the Control and Suppression of Narcotics, and Mr. Senmon, the American Charge, stressed the importance of cooperation between the two sides so that they could be more effective than in the past.

### Rats, Hoppers Ruin Vientiane Rice Crop

91WE0090C Vientiane PASASON in Lao  
8 Oct 90 pp 2, 3

[Report by Manisai: "Vientiane Province Seeks Ways To Correct a Shortfall in Rice"]

[Excerpts] Rice production in Vientiane Province during the production season this year may be so low that it

does not meet the plan because of unfavorable weather conditions and the spread of pests such as rats. In many districts of the plains and mountains these circumstances have caused serious losses to the annual rice production.

On October 1 this reporter had the opportunity to go to Vientiane Province to meet Mr. Boundet, a research cadre of the agricultural service of Vientiane Province. He said that the production conditions for both dry field and wet field rice in many areas of Vientiane Province were very unfavorable because of the spread of rats throughout almost all of nine districts in Vientiane Province. The most seriously affected area was in Phon Hong District in the area of Fakphoupha in the East. [passage omitted] In addition they spread in many villages of Keo-Oudom District, Vang Vieng District, Feuang District, Sanakham District, Kasi District, and others. They have become more widespread every year. [passage omitted] With regard to these losses Mr. Boundet said that "according to local reports, the dry field rice suffered losses because of rats which started to spread in August and now have spread to 50 percent of the dry rice fields, which amounts to more than 24,500 hectare throughout the province." The reports indicate that only 13,000 hectare of the dry rice fields will provide a real harvest amounting to 1 ton per hectare. The wet rice fields according to the plan for the year were to total 32,500 hectare throughout the province. But there were unfavorable weather conditions, as for

example in Sanakham District where at the end of July and the beginning of August, which is the beginning of the transplanting period, it was very dry. And so many seedlings were lost, the fields did not have water and the people were not able to transplant 500 hectare of wet field rice. In addition in other districts such as Vang Vieng District, Kasi District, Feuang District, Phon Hong District, and Thoulakhom District the transplanting of the wet field rice was not as successful as usual; there were only 29,500 hectare which were actually transplanted and achieved an average harvest of 2.5 tons per hectare. This was 3,000 hectare less than the goal. [passage omitted] Plant pests especially caterpillars, plant lice, cicadas, and various plant diseases spread and caused large losses to the wet field rice crop in many areas of Vientiane Province. Because of the losses caused to the rice crop in Vientiane Province by these plant pests, the rice crop might be lower than last year. According to estimates the crop will total only about 70,000 tons. If these estimates are true, Vientiane Province will have a shortfall of about 20,000 tons. With regard to these losses Mr. Souvannasongkham Chengsavang, a member of the provincial party and head of the Vientiane Province agricultural service, told this reporter that in order to correct this shortfall in rice the administrative committee of Vientiane Province had plans and procedures to mobilize and lead the people to expand production of various commercial crops in the dry season. [passage omitted]

**Samy Vellu Threatens To Resign**

91SE0062C Kuala Lumpur UTUSAN MALAYSIA  
in Malay 15 Nov 90 p 2

[Text] Sungai Petani, 14 Nov—Datuk Sri Samy Vellu declared that he will resign his cabinet position if the prime minister appoints Datuk S. Subramaniam or Datuk K. Pathmanaban to be a deputy minister.

The MIC [Malaysian Indian Congress] president said there will be no compromise on this matter because he does not approve of the appointment of either of the party leaders as a deputy minister.

"I am compelled to make this decision because the prime minister and his deputy are urging that Datuk Subramaniam and Datuk Pathmanaban be appointed as deputy ministers," he said at a meeting held last night to nominate candidates for the Kedah MIC Committee.

More than 300 MIC leaders from Kedah State attended the meeting, which was held at the Gandhi Building here.

The minister of energy, telecommunications, and posts charged that Datuk Subramaniam and Datuk Pathmanaban are not qualified to be deputy ministers.

Datuk Pathmanaban, he said, is worse than Datuk Subramaniam, and the MIC does not approve of their being appointed as deputy ministers.

He said that Datuk Sri Dr. Mahathir Mohamad had offered another parliamentary secretary post to the MIC if the party would accept Datuk Subramaniam and Datuk Pathmanaban as deputy ministers.

"I rejected the offer, because there can be no compromise on this matter. They are not qualified to be deputy ministers," he said.

At present, the MIC is allocated one ministerial position, two deputy minister slots, and one parliamentary secretary post.

According to Datuk Sri Samy, he has told Deputy Prime Minister Ghafar of his intention to resign as minister if Datuk Sri Dr. Mahathir makes an alternative offer.

"I would rather resign as minister than agree to the appointment of Datuk Subramaniam or Datuk Pathmanaban as deputy minister," he added.

Datuk Sri Samy said during the meeting that at 1515 hours on the day when candidates were to be nominated for the general election Johor Chief Minister Tan Sri Muhyiddin phoned him to ask permission to nominate Datuk Subramaniam for the Tenggaruh seat in the Johor State Legislature.

"I told him it was not possible, since the MIC had already decided on a slate of candidates," he declared.

**Education Minister on Training, Schools in Sabah**

91SE0062B Kuala Lumpur UTUSAN MALAYSIA  
in Malay 13 Nov 90 p 3

[Text] Bangi, 12 Nov—The New Economic Policy (DEB) after 1990 must emphasize aspects of poverty that are most conspicuous among Malays, Minister of Education Datuk Sri Anwar Ibrahim said here today.

He said it is time to think about efforts to improve the lot of the Malay community, because there are Malay areas in the interior that are still much behind other areas.

"Some Chinese leaders do not understand this, despite the fact that residents of new villages are much more advanced and better off than people in Malay villages," he declared while speaking at the Malaysian National University at the inauguration of the National Conference on the Bumiputra [Malays and other indigenous peoples] Economy, which has as its theme "Current Performance and Post-1990 Challenges."

According to Datuk Sri Anwar, there are politicians who view the situation only with regard to their own interests, whereas almost 40 percent of Malay areas are still without water and electricity.

"The DEB philosophy from now on should be focused on efforts to improve the lot of the Malay community in the interior and develop individuals with skills in various sectors," he said.

He said there are sectors, such as business and management, in which Malays are still weak and need training.

Business training at the universities is important for creating a disciplined community that masters new fields, he said.

He said that from the aspect of future policy, the recent mandate given the National Front (BN) government shows that the government need not fear being overly sensitive.

"We know that this mandate assures the people that the welfare of Malays will continue to be safeguarded," Datuk Sri Anwar declared.

The minister of education also touched on education in Sabah, which always has the largest allocation in Malaysia.

He said PBS [Sabah United Party] leaders often charge that there has been no development in Sabah, whereas Sabah is actually the state with the biggest allocation for education.

"It is true that the Central Government has not given priority to establishing a university there, but what Sabah lacks are secondary schools," he said.

He said that although PBS leaders are asking for a university to be set up there, they send their children overseas to study.

"I find that at present there are not enough prospective students from Sabah who are qualified to enter university, and we must not reduce the minimum matriculation standards," he added.

He declared, however, that the education allocation for Sabah will be studied along with allocations for other states to be sure that allocations meet current needs.

### **Thumbnail Sketches of New Chinese Cabinet Members**

*91SE0061A Selangor SIN CHEW JIT POH in Chinese  
27 Oct 90 pp 3, 4*

#### **[Text] Ch'en Tsu-p'ai's Meteoric Rise to Minister of Housing**

(Kuala Lumpur 26 Oct). After Dr. Ch'en Tsu-p'ai, a scholar who took up a political career, rose another notch by successfully defending his Gopeng parliamentary seat, Datuk Sri Dr. Ling Liang Sik looked upon him with favor, and he went from deputy minister in the Prime Minister's Office to minister of housing and local government.

During the current cabinet reorganization, Ling Liang Sik obviously made great efforts to advance Ch'en Tsu-p'ai, recommending him for the position of minister of housing and local government as a successor to the position vacated by Minister of Health Lee Kim Sai.

The 47 year old Ch'en Tsu-p'ai may be said to have had a meteoric rise in his political career. Within the short space of three years, he rose from deputy director without portfolio in the Ministry of Health to deputy minister in the Prime Minister's Office, and on to full minister rank.

Ch'en Tsu-p'ai was formerly a professor at the National University of Malaysia. In 1987 when Ch'en Ch'un-ch'uan was sentenced to prison in Singapore for involvement in a breech of promise case and vacated his Gopeng seat in parliament, Ch'en Tsu-p'ai filled it.

Victory for the Gopeng seat also lay the groundwork for Ch'en Tsu-p'ai's later rise, which was smooth. He went from deputy minister without portfolio to deputy minister to full minister today.

Following his victory in Gopeng, the 47 year old Ch'en Tsu-p'ai was appointed deputy minister without portfolio in the Ministry of Health by way of compensating him for the loss of his university professorship.

In the last cabinet reorganization, he also replaced Datuk Yu Yin-shan, becoming a deputy minister in the Prime Minister's office.

Ch'en Tsu-p'ai, who has two daughters and one son, is now also acting chairman of the Perak Malaysian Chinese Association.

#### **Fong Chan Onn, Deputy Minister of Education**

Dr. Fong Chan Onn is another "fortunate" scholar after Dr. Ch'en Tsu-p'ai who went into government.

The respect with which he is held by the leaders of the Malaysian Chinese Association (MCA) is reflected not only in his representing the MCA in attending meetings of the National Economic Advisory Committee, but even more so in "Fong" replacing "Kuo" in the Selandu District Assembly seat in Malacca, defending territory for the MCA, and advancing slightly.

Selandu District is a traditionally safe district for the MCA. Fortunately, Fong Chan Onn was well thought of and evoked words of praise from within the party.

It is said that once elected, he is bound to be appointed to official position. This is one of his conditions for putting down the pen to participate in government. So far he has been riding a helicopter. His appointment as deputy minister of education has been decided upon by the inner councils; it is not just a rumor.

Fong, who is now 46 years old comes from Gemas in Negri Sembilan. He has a doctorate in economics from Rochester University in New York, and he has served as an advisor to the Malaysian government, World Bank, the World Development Bank, and the United Nations. On the eve of the last general election, he resigned his position as head of the Economics and Political Institute of Malaysia University to devote himself completely to politics.

Fong Chan Onn is a permanent member of the MCA. He is a member of both the MCA Tactics and Policy Analysis and Research Unit and the MCA's Bureau of Education.

He has taken active part in the work of drawing up industrial blueprints and national harbor blueprints. In 1989, he drafted a plan for the Malaysian government to promote medium and small industries in Malaysia. He has personally also published several books on economics.

Fong Chan Onn is also active in society. Since 1981, he has served as an off-campus testing official and advisor for Rahman Institute, as chairman of the Malaysian University Personnel Survey Unit, as deputy chairman of the Malaysian Economics Association, as a member of the Malaysian Examination Council, as member of the Malaysian Technology Transfer Council, and as manager of the Self-Supported Cooperative's Technology Academy.

#### **Kuo Mo-chen, Deputy Minister of Works**

As a young man, the 50 year old lawyer Kuo Mo-chen was a teacher, but he was fond of literary and artistic creativity. The poetry he wrote under the pen name Kao Ch'ing appeared in various newspapers.

In 1982, he used the political slogan "three integrations" in the teachers' movement, and entered the Gerakan together with Dr. Hsu Tzu-ken. He made his first try in politics as a National Front candidate from the Chiatung [phonetic] electoral district, only to be defeated by Dr. Ch'en Sheng-yao of the Democratic Action Party [DAP].

In the general election of 1986, Kuo Mo-chen did not stand for election. In the 1990 general election, he ran from Pi-la [phonetic] in Taiping, Perak defeating the DAP candidate Chiang Chuo-ch'eng.

In his political career, Kuo Mo-chen first served as Gerakan general secretary, and was subsequently elected chairman of the Gerakan Council, the number 2 position in the Gerakan.

#### **Ch'en Kuang-ts'ai, Deputy Minister of Culture and Tourism**

The movement from member of parliament to "deputy minister" of the "old" general in the MCA political forum who has been entrenched in Pahang for many years, Datuk Ch'en Kuang-ts'ai, was expected.

Following his election as a member of parliament from Malaka State in 1986, he became a member of parliament from Pahang.

In 1980, Ch'en Kuang-ts'ai entered the MCA, and only after becoming political secretary to former Minister of Health Tan Sri Ch'en Sheng-hsin in 1986 did he actively enter politics.

In the 1987 MCA Youth League election, he was elected deputy president of the MCA youth League, and was subsequently appointed secretary of the MCA national organization.

During the MCA election of July 1989, he was elected president of the MCA Youth League. The 35 year old Ch'en is the youngest MCA Youth League president except for Tan Sri Li San-ch'un. During the MCA election of 1990, he became a deputy chairman of the MCA.

Ch'en Kuang-ts'ai is also chairman of the MCA Pahang Federation Council. The title of "Datuk" was recently conferred on him by the king of Pahang.

Ch'en Kuang-ts'ai, who attended primary and middle school in Bentong, was graduated (with honors) as a Bachelor of Arts from the University of Malaysia, and received a diploma from the University of Malaysia showing a major in education.

#### **Huang Chia-ting, Deputy Minister Without Portfolio in the Ministry of Health**

The election to parliament from Benzhen District of MCA maverick Huang Chia-ting, who crossed over state boundaries [fei hsiang kuo chou—7378 6272 6665 1558], was expected and his appointment to official position as

a deputy minister without portfolio in the Ministry of Health after having successfully preserved the turf was also expected.

Before standing for election to parliament, the 34 year old Huang Chia-ting was press secretary to Datuk Sri Dr. Ling Liang Sik, the MCA president and concurrent Minister of Communications.

Huang hails from Lenggong in Perak. He received a Bachelor of Science with honors from the University of Malaysia, and holds a diploma from the university showing a major in education.

He is an active young party member in the MCA, and he is responsible for many functions at the central and state levels of the party, including the Central Committee, as national deputy secretary for organization, and as organization secretary in the district liaison committee under direct jurisdiction of the federal MCA.

#### **Liu Hsien-chen, Minister of Science, Technology, and Environment**

Liu Hsien-chen, who celebrated his 55th birthday 1 week before his nomination for election to the 8th national parliament, was appointed a deputy minister without portfolio in the Ministry of Housing and Local Government in 1974. From 1977 until 19 May 1987, he served as minister without portfolio in the Ministry of Science, Technology, and Environment.

Liu Hsien-chen was first elected to parliament in 1982, and in the last election he won again by 12,584 votes, repulsing his challenger Ch'en Pao-k'e of the DAP.

Mr. Liu was educated in Chinese schools. In 1960, he graduated from Nanyang University in Singapore after which he held a management level position in a timber industry group in Sibu, Sarawak. It was only in February 1974 that he was appointed a deputy minister without portfolio.

From 1979 until 1981, Liu Hsien-chen served as chairman of the Sibu City Assembly.

Twenty-four years ago he began active participation in politics, rising from the Sibu Branch to the central standing committee of the People's Federated Party [0086 5114 8093] [sic]. Since 1972, he has been a member of the highest central policy making organ in that party, and deputy chairman of its central committee.

#### **Ch'en Hua-kui, Deputy Minister of Science, Technology, and Environment**

Ch'en Huai-kui celebrated his 45th birthday on Malaysia national day in 1990 [31 August].

Ch'en graduated in law in England. Before becoming a minister without portfolio in the Ministry of Welfare Services, he was chairman of the Bilit Municipal

Assembly in the Sabah government. In 1984, the Sabah head of state awarded him an A.B.S., and in 1988, he was awarded a P.B.S.

In 1986, Ch'en Hua-kui was a candidate for election to the national parliament for the first time under the banner of the Berjaya. He was elected from the Lan-pei-er [phonetic] electoral district of Bilit. In the most recent election, he defeated the nearest contender, DAP candidate Lo Jung-chih by 8,181 votes. He also soundly trounced Sabah People's Party candidate Shabini [phonetic].

### Spirit of '46 Members Urged To Join UMNO

*91SE0062A Kuala Lumpur UTUSAN MALAYSIA  
in Malay 12 Nov 90 p 4*

[Text] Johor Baharu, 11 Nov—Datuk Shahrir Abdul Samad, president of the Johor Baharu UMNO [United Malays National Organization] Division, said members of the Spirit of '46 should dissolve the party and rejoin UMNO.

He said the election showed that Malays did not accept the Spirit of '46 strategy to revive the old UMNO via the general election.

Their strategy, he said, was a weak one that caused them to lose at the national level.

"Naturally, it will not work for the Spirit of '46 to revive the original UMNO in the next general election, either," he said yesterday after a thanksgiving service at Kampong Majidi in recognition of the National Front (BN) victory in the general election.

He said that if former UMNO members are still determined to revive the old UMNO, they must do it through the present UMNO and not outside it.

In fact, Datuk Shahrir said, the present UMNO is actually a continuation of the original UMNO and is acceptable to Malays as a vehicle for their struggle.

Datuk Shahrir added that Spirit of '46 members must accept the fact that the present UMNO has been received by the people as a continuation of the original UMNO.

This fact, he said, cannot be rejected out of hand. On the contrary, Spirit of '46 members must leave the party and join the rest of the Malay community in the present UMNO.

According to Datuk Shahrir, one of the reasons why the Spirit of '46 lost in the general election was that the people could not accept the party's effort to revive the old UMNO through the election.

He added that the clear victory won by UMNO and the BN in the general election is positive proof that the present UMNO is actually the old UMNO.

He said that by joining UMNO again they will create Malay unity through the existence of a single Malay political organization that is enthusiastically Malay, namely UMNO.

### Economic Outlook, Desired Policies

*91SE0061B Selangor SIN CHEW JIT POH in Chinese  
13 Nov 90 p 25*

[Text] The 44th annual general membership meeting of the Malaysian Federation of Industry and Trade convened in Johore Bahru the day before yesterday. This meeting passed 51 motions, the one that attracted most concern being the delegates' opposition to any economic policies that place the interests of Bumiputras first. At the same time, the meeting called upon the government to abolish distinctions between Bumiputras and non-Bumiputras. When new economic policies are drawn up in the future, they should substitute "achievement and need" for the "racial quota" system. The meeting also reached agreement in principle on some major issues, building a correct future standard for Chinese businessmen in the economic field.

New economic policies have not yet been formulated; however, some policy programs and future orientations became substantially apparent while the meeting was taking place. The director of the federation, Huang Wen-pin, called on government to fulfill its promises to Chinese businessmen, allowing free growth of the economy within 10 years. This is clearly an optimistic view. Because no great improvements are apparent in the main economic indicators, recently a trend toward trouble has appeared in the previously generally stable price index. An examination of the reasons shows that in addition to the rise in the price of petroleum or chance factors, this trend is largely attributable to rises in land rents and wages. This situation suggests that once the current momentum toward high economic growth rate has passed, we are bound to be faced with a period of financial inflation. That the slump may become something worse is a fact; however, looked at solely in terms of the country's economic strength, there is no need for excessive pessimism. We must recognize the realities, and genuinely understand the nature of current economic problems so as not to make a mess when taking steps to carry out new economic policies.

We appreciate the value of making a rough analysis of some of the issues about which Chinese businessmen are generally concerned that are reflected in the aforementioned numerous motions. On topics relating to national economic policies, the Federation of Industry and Trade believes that the government should treat equally and without discrimination both internal and external investment. It cannot favor one and be prejudiced against the other. We have always supported and affirmed government efforts to attract foreign capital. A large inflow of foreign capital can create greater employment and business opportunities for the people of the country, and it can also stimulate resurgence of the

national economy. Nevertheless, government's totally unrestricted attraction of foreign capital may directly impair opportunities for local investors.

Not long ago, it was with the foregoing situation in mind that Chinese business leaders in the country expressed hope that the government would adopt a prudent attitude toward the importation of foreign capital. Easing of the current labor shortage might cause wage costs to rise in a direct line. Worse yet, government's granting of special preferences to foreign traders, such as 80 percent of the products of foreign capitalized companies being provided for export, and foreigners being able to own all the equity in companies, would mean a great shortfall in the treatment accorded local companies by comparison. We believe that when handling foreign investment, the government should completely weigh advantages and disadvantages. It should not overlook long-range interests out of overemphasis on current and short-term prospects.

Speaking solely in terms of this situation, when medium and small businesses experience business difficulties as a result of competition, naturally the interests that are first affected feel pain; however, in terms of the effective use of total domestic resources and the healthy development of the overall economy, there are actually some desirable aspects. In this regard, government must provide more cheap land, low interest loans, and incentive measures to medium and small businesses to enable the country's early achievement of its industrialization goal.

So long as sustained rise in petroleum prices leads to instability in domestic prices, and prices of construction materials rise with all other prices, inflationary pressures will be easily triggered. A few days ago, the Federation of Industry and Trade also approved a call to government to face squarely up to the rise in prices of construction materials and the problem of shortages. On the same day, the chairman of the national construction association, Lo Lin, also acknowledged that the local authorities should take rapid action to restrain construction materials price rises. During the past several years, land speculation fever has been rampant causing an upward ratcheting of land sales tenders. The situation in construction is not as good as it was, and in making use of publicly owned land resources, government has yet to take actions to meet society's need for housing. Since land is one resource that will never increase, publicly owned land is the best regulator of social demand. We call upon government to do regulatory planning to relieve the construction industry's predicament.

Next month the Ministry of Finance will present its budget for next year. Reportedly, plans call for an adjustment of the individual income tax. There is to be a large reduction in personal income taxes, but whether the reduction will be as great as the Federation of Industry and Trade desires is an unknown. Despite implementation for several years, the Ministry of Finance's tax reforms have not shown conspicuous success. The main problem is that government has to be able

to convince the public to support fair tax reforms, and the most important prerequisite for doing this is to make everyone believe that an overall environment for fair taxes exists in the country. Frankly, today when businesses and those making high incomes in the country are involved in evasion, it is extremely difficult for government to move ahead with any tax system reform in the name of fair taxation. Another problem is that several months after publication of the budget, numerous tax officials are frequently still ill informed about new tax levies. As a result enforcement work cannot be carried out smoothly.

On the crackdown issue, in every democratic country, payment of taxes is a duty that the citizens must fulfill. Therefore, we should re-emphasize that only when government uses utmost daring and resolution, carries out tax collection reforms drastically, and thoroughly puts an end to all tax evasions will the public be convinced that government is determined to realize the ideal of fair taxes. On the other hand, the citizens of the country must also honestly report their taxes in keeping with government's fine intentions to cut the income taxes of individuals and companies.

This meeting of the Chinese Federation of Industry and Trade also elected new leaders. We hope that they will shoulder the heavy burden of helping the country's overall development, and lead industrialists and businessmen of Chinese origin into a golden 1990's.

#### Call for End to Racial Discrimination

91SE0061C Selangor SIN CHEW JIT POH in Chinese  
15 Nov 90 p 3

[Article by Ma Guicai: "Honor General Election Promises by Abolishing Racial Quotas"]

[Text] A few days ago, the Malaysian Chinese Federation of Industry and Trade called on the government to repeal the distinctions between Bumiputras and non-Bumiputras, and to replace "racial quotas" with "achievement and need" in drawing up national economic policies after 1990 to provide and create an economic environment of fair competition.

Strictly speaking, this should not be something that only Chinese businessmen urge but a common desire of all Malaysians. This is because after 33 years of independence, the country has yet to be completely reconciled. To a very large degree, reconciliation is hampered by inappropriate policies such as the distinction between Bumiputras and non-Bumiputras, restrictions on inter-racial marriages, and the racial quota system etc.

After many years, these policies have generated resentments among all races in Malaysia that are expressed in "racial antagonisms" that lead to the government's inability to attain anticipated results from the political and social process.

These abuses may be detected today in the geographic distribution of peoples of all races in the country, in differences in economic activity, and in the disproportionate numbers of peoples of different races in the country's armed forces and police. The consequences of these policies extend beyond the lack of national reconciliation. Internal clashes also dissipate national development strength, delaying achievement of the goal of being a great economic power.

Ours is a democratic country under the rule of law that internationally provides vigorous support in "opposing the apartheid policy" against blacks in South Africa. Therefore, the country's government should avoid giving the wrong impression of implementing "racially discriminatory" policies so as not to give grounds for tongue wagging that make its international position untenable. A priority matter for a just and self-assured Malaysia that continues to grow strong and that wins international respects is to bow to the will of the people in abolishing the distinction between Bumiputras and non-Bumiputras.

Before the last general election, the national front government solemnly vowed that if it continued in power, it would substitute "achievement and need" for "racial quotas." Certainly, in theory, a government should do as it says. It should no go back on its word. But is this what will happen in fact? Time will tell.

Wrong policies are a historical wound. Now the Chinese Federation of Industry and Trade has taken on a difficult task in communicating the desires of Malaysians who have confidence and moral integrity. It is hoped that government will resolve to abolish all obstacles in the way of the national reconciliation process.

**[Box p 1]** Before the general election, the national front vowed that if it continued in power, it would replace "racial quotas" with "achievement and need." Whether it will keep its word remains to be seen.

#### Reliability of MCA Membership Figures Questioned

91SE0059A Selangor SIN CHEW JIT POH in Chinese  
29 Oct 90 p 3

[Article by Lin Jui-yuan: "Did the Malaysian Chinese Association [MCA] Expel People Who Had Left the Party?" ]

[Text] Discipline committee issuances of letters reprimanding party members for violations of discipline are commonplace, but MCA's issuance of a string of letters reprimanding four party members with opposition party status for taking part in the general election only to find out later on that they had quit the party years earlier caused people to wonder whether they should laugh or cry.

The mistake of regarding longstanding members of the People's Action Party as members of one's own party

certainly applies to a very large number of people, we fear, in addition to the several that have come to notice as a result of these disciplinary letters. Such a mistake is bound to raise doubts about the MCA's claim that it has 500,000 members.

A few days ago, MCA Discipline Committee chairman Datuk Lee Kim Sai proposed to the party leadership the removal from the rolls of four MCA party members who had run in the general election as independents or as opposition party members. These four people were Lin Sheng-fu from Perlis, and Ch'en Te-juan, Lin Kui-ho, and Liu Kuang-ch'ien from Johor. The last three named made clear that they left the MCA and joined the People's Action Party.

#### Party Rolls Become Suspect

The MCA has always boasted of its healthy organization that can effectively serve the Chinese community, but after the party struggle between Liang and Chen in which a large number of ghost party members were removed, and after repeated examination and verification in several party elections, the party rolls still contain non-party members. The MCA really must revise its roster of party members.

Actually, this is not the first time that questions have come up about the MCA party member registration issue. During the intense struggle between the Chen and the Liang factions within the MCA five years ago, MCA leaders debated interminably the credibility of the party membership roster. In the end, Abdul Ghafar Baba personally mediated the issue. Only after the party rolls were checked and verified was a party election held.

In this year's party election, however, some incidents of ghost party members showed up in some districts. This, plus the MCA's efforts to remove party members who had quit the party, also demonstrated clearly that the MCA party rolls are still "not clean." Although no other instances have been found in which the names of "party members" who left the party, or who became members of other parties have not been expunged from the rolls, unbounded suspicions have been aroused.

How could an incident occur in which numerous non-MCA members were carried on party rolls?

The above four People's Action Party members whose MCA membership was proposed for cancellation said with one voice that they sent a notice that they were leaving the party to their local branch of the MCA several years ago, so possibly the reason this joke occurred was that the branch did not send their letters of withdrawal from party membership to the party headquarters. If the branches did notify the party headquarters, but the headquarters did not strike these party members' names from the rolls, that would have been the mistake of the headquarters secretariat. However, the MCA headquarters is computerized, so the possibility of such a mistake happening is very low.

Actually, in the past, numerous incidents occurred in which MCA branches did not report the withdrawal of party members from the party, and these incidents showed that some branches paid the annual dues of some non-party members. At the same time, the names of dead people also appeared on branch party roles. The reason branches did this is actually related to the various factions of the MCA wanting to maintain their respective strength, and their frequent practice of paying annual party dues out of their own pockets.

Article 12 of the MCA party constitution states clearly that the more members a branch has, the more voting delegates it can send to the district congress. Section 94 of chapter 12 says that "Delegates from each branch must be selected according to the following formula in order to sit as delegates to district congresses: The first 50 valid names of ordinary party members on the branch's roster of party members may elect three delegates. Each 25 of the next 450 names may elect one delegate,... up until a maximum of 50 delegates has been elected."

The provisions of this article in the party constitution permit branches to increase at will the number of delegates to district congresses; consequently they feign compliance. Even though people leave the party, their names are not reported to headquarters; therefore, halting such incidents will require revision of the MCA constitution to stipulate a strict number of delegates from each branch.

#### **Is One Responsible for Checking the Party Rolls When Leaving the Party?**

However, the most ridiculous thing was that Datuk Lee Kim Sai said that after these people left the party, they were responsible for checking whether their names still remained on the party rolls. Does this mean that everyone who leaves the MCA must first get a document from the MCA headquarters that "certifies such and such a person is no longer a member of the MCA" before he or she may enter another political party, or does it mean that political personages who were formerly MCA members must return to the MCA headquarters to make a check in order to avoid being registered in two parties. Maybe Lee Kim Sai should act in the spirit of the national front to ask former MCA member and current Democratic Action Party chairman Datuk Seri Dr. Lin Ching-i, and former Penang chief minister Lin Ts'ang-yu, as well as Datuk Li Yu-lung to return to help check the party roster.

Lee Kim Sai's wanting former MCA members to help the MCA straighten out its party membership roster will only reveal the shortcomings of the MCA membership roster. He might do well to scrutinize himself. Should the credentials of the MCA's present leaders, who were elected by the Party Central Committee Congress, also be called into question?

#### **Editorial on Expectations From New Government**

91SE0059B Selangor SIN CHEW JIT POH in Chinese  
27 Oct 90 p 27

[Editorial: "Expectations of Mahathir's New Cabinet"]

[Text] Prime Minister Mahathir announced his cabinet line-up yesterday. Six of the 25 cabinet are new. They are replacing ministers of the last cabinet who either lost or did not run in the last general election. The ministers and deputy ministers of the new cabinet are to be sworn in today by the head of state, His Excellency Sultan Azlan Muhibiddin Shah. Then, in his rôle as the supreme administrative leader, Mahathir will command administrative personnel at all levels to discharge their government duties and serve the public. Although the many years' efforts of the last cabinet and of Mahathir himself were sanctioned by popular will, difficult days lie ahead requiring more forceful and more vigorous actions, closer group coordination, and specific concrete policy reforms if further public support is to be maintained.

As a result of this cabinet reorganization, a number of fairly young statesmen will take charge of departments concerned, infusing new blood into the cabinet. It may also be predicted that some readjustments of administrative personnel will also be made in keeping with the policy actions of the new cabinet. Naturally, we are greatly concerned about future government administration; however, we believe this opportunity should be taken to make a genuine examination of areas of current administrative behavior that people denounce. First of all, the effectiveness of government administration and the quality of service depend on the outlook and integrity of public servants. If every public servant is possessed of a modern outlook, is imbued with zeal for discharging his duties, and is able to adhere to work standards that make the administrative system reasonable and democratic, a government will naturally be efficient and effective. It will be able to provide the public with high quality services, and lead the nation toward rapid modernization. However, careful examination of most civil servants today in terms of their attainments, the way they conduct themselves, and their expertise shows various shortcomings in relation to today's complex and many faceted modern society. As a result, government's performance cannot easily satisfy public needs, and government administration lags in fulfilling actual needs. Therefore, greater efficiency in public agencies has become the eager expectation of all, and it is also the key to national development.

Second, one major reason for the poor functioning of public agencies is inability to deal properly with various requirements that arise from outside the administrative system. We believe that when the public's requests are fair, reasonable, and legal, they should be helped, but that government should also not unconditionally satisfy people's unreasonable requests. Thus, there can be no indiscriminate currying of favor, otherwise, administrative stagnation will result. Handling of matters like the

Ch'iaolai toll station incident [sic] certainly leaves room for disagreement. On the other hand, when dealing with the public, if it is possible to do something and it can be done, it should be done. However, when it cannot be done, civil servants have to have the courage to say "no." Furthermore, outside intervention on personal grounds must be eradicated. There must be no more exertion of outside pressures. In addition, granted that civil servants should respect the will of the people and benefit the group, they must also distinguish between right and wrong, and not just do what people want them to do. They must stick to their decisions and carry them out to the full.

At this time when the new cabinet is about to take office, we hope that the prime minister will make a comprehensive examination of the quality of incumbent public service personnel, increase guidance, and remind public servants throughout the country of the administrative outlook and behavior expected of them.

The current climate suggests that most of the public is still fairly concerned about future government administration problems. The declarations and promises made by the national front during the election should be implemented. We believe that if the government is able to genuinely carry out these declarations, drawing up plans and making efforts in the economic, educational, political, and cultural fields, and necessarily linking them to popular sentiment and the financial resources of the people in carrying out the overall task building the nation, it will be possible to break out of current difficulties. It will also be possible to solve numerous problems in a fundamental way. After considering various realities, we believe that in carrying out future policies, the following several directions and key points should be taken in hand:

First is the effective coordination of policies as a whole. Given the special racial structure of society in the country, any major policy changes generate a great impact, the effect of economic and educational policies being most profound. Next year, the fiscal budget will be announced again. The effect of the inflation that is now in the offing, whether the high economic rate of growth can be sustained, and whether long-term construction plans and short-term policies can be effectively matched, in particular, are keys to the success or failure of policies. In addition, the draft of the new education decree is still being studied, but whether it will truly be able to express

the guiding function of education and be widely accepted by the public of all races remains to be seen.

Second is attention to balanced overall development. The various problems that the country's economy and society are facing today are, in an overall sense, actually a matter of imbalance, largely economic and social imbalance, and regional imbalance. Therefore, solutions to these problems require close attention to balanced overall development, an examination of the fundamental reasons for imbalance at each level, and an understanding of cause and effect for the formulation of comprehensive remedies.

Third is clarification of the role and functions of government and the people. National construction is a huge and complex undertaking in which countless things must be done. Government has only limited manpower, material, and financial resources. It cannot invest in everything, or exercise control everywhere. Therefore, in order for limited government resources to produce greatest results, the role and functions of government and the people must be clarified, each doing what it must do and looking after what it must look after. Some basic public facilities that require a huge investment, that do not readily pay a return, or from which there is no profit to be made are of no interest to the public sector, so investment must come from the government. This is the correct way of doing things. During the past several years, government has pursued a privatization plan whereby some highly profitable and valuable public facilities have been turned over to the private sector for operation. This includes telecommunications and some transportation facilities. Formerly government was solely responsible for them, with the result that the quantity and quality supplied could not be increased. Government should confer more such opportunities and responsibilities on the private sector, but at the same time it must examine possible abuses that may follow in the wake of privatization.

Once the new cabinet is formed, it will begin to move ahead with specific policy actions. We hope that Mahathir will employ a realistic working style, bending efforts to administrative matters in need of initiation and reform, and we hope that the new government he leads will be able to clear away all obstacles for thorough implementation of election declarations. At the same time, we hope that all members of the opposition will put aside selfish factional interests and prejudices to link hands in moving along the high road toward building the country.

**Acting Minister on Foreign Policy, U.S. Disputes**  
*91SE0049A Bangkok EKKALAK in Thai 11 Nov 90 p 7*

[“Exclusive” Interview with Acting Foreign Minister Amnuai Yotsuk by EKKALAK staff, date and place not given]

[Text] [EKKALAK] During these two years, has special emphasis been placed on anything?

[Amnuai] No. The ministry's policies are those of the government. That is, we are focusing on establishing friendly relations with countries around the world based on equality and freedom for every country in the world. The reason for this omni-directional policy stems from the situation at that time, that is, since Cambodia split apart, which could have had a domino effect.

Today, we are stressing having dealings with all countries. We have to realize that we are now in an economic war. The ministry must open the door and monitor them in order to facilitate things on the political front and promote friendly economic relations. We are monitoring them. We have opened embassies here and there in order to open a path for businessmen. We have, for example, gone into Czechoslovakia, which is an East European country. The cabinet just recently authorized us to establish an embassy there.

Many people have said that the Ministry of Foreign Affairs has acted too slowly in establishing relations with the countries in Eastern Europe. But we have to see if they have finished building their structures and if their national administrations are in place. We have to see if the political atmosphere is ripe for talks. There is great demand in Eastern Europe. They want this and that from us. But how can we sell them anything if they don't have money? The duty of the Ministry of Foreign Affairs is to build a friendly atmosphere. After things have improved, people from the other ministries concerned can follow us.

This is nothing new. It has long been the government's policy to try and establish friendly relations and trade with all countries.

[EKKALAK] What is the policy on the Persian Gulf crisis?

[Amnuai] There won't be any economic support. We will monitor the situation closely. The first thing was to get our people out of there, which we did. We were the only Asian country that was able to get its people out in 21 days. The others weren't able to do that.

Second, we must monitor the situation. Our diplomats report on the situation almost daily. They tell us what is happening in Iraq. They send us reports on the food situation and on whether Iraq will soon pull out of Kuwait so that we can predict the situation correctly. If something happens, our diplomats will still be there. Our

embassy is still flying the flag. Although we are concerned about the well-being of each one, the only policy is to monitor the situation and monitor it closely.

[EKKALAK] What about economic cooperation with ASEAN?

[Amnuai] Today, we must try to get ASEAN to join together. I attended the ASEAN economic ministers conference recently. We have to try; otherwise, we will be bullied. An example is the issue of American cigarettes. Unless we join together, things will become difficult. We must try to get ASEAN to join together. Europe has now joined together. Moreover, western and eastern Europe will join together. We will face difficulties if we don't do that, too. We have to form an ASEAN-Pacific group, or APAC. We have to try to do this. We must try to forge understanding with our neighbors in ASEAN. If we can't cooperate with countries here, with whom can we cooperate? We have discussed this matter very seriously.

Thus, with respect to the structure of ASEAN, those who say “forget it” are wrong. We have to talk about how to work together in ASEAN. When a friend is insulted and attacked, will we help? Will we help them strike back? If they harass Thailand, they will harass Malaysia and Singapore, too. ASEAN must join together. This is a major issue.

[EKKALAK] Has any progress been made?

[Amnuai] Much progress has been made. ASEAN agrees with us. They realize that the threat to Thailand also poses a threat to them. The trend at the recent meeting was very good. The countries all agreed and sympathized with us concerning the way that the United States is bullying us on the cigarette issue. When it comes time to vote, they will vote in support of Thailand.

[EKKALAK] What about the development of the seaboard with cooperation from ASEAN?

[Amnuai] This is the policy of General Chatchai. But we have not asked only ASEAN countries to invest. We welcome investment from all countries. It might not be good to talk about a southern seaboard policy. That might affect investment in neighboring countries such as Malaysia and Singapore. All countries will be allowed to help. We welcome all countries. Norway, France, Taiwan, and Korea have invested in various projects such as gas and other projects.

[EKKALAK] What is the attitude of our neighbors?

[Amnuai] They won't say anything. But as for cooperating, they probably won't cooperate with us on our projects.

[EKKALAK] Has any progress been made on the “White Paper” issue?

[Amnuai] This has been going on for seven to eight years now. The reason for this is that Japan is no longer second to the United States economically. They are an economic

power. Japan has invested in Thailand and used our resources. They have implemented protectionist measures against boneless chicken and used Thailand's quotas to sell goods in the United States and Europe. Thus, we have always been at a disadvantage. We prepared this paper in order to tell them that what they are doing is not right and that they are exploiting us. We have asked them to adjust the tariff on mangoes and other items. They have constantly set up barriers against our goods. Changes must be made. To date, results have been achieved on some issues.

[EKKALAK] What results have been achieved?

[Amnuai] We can, for example, export some types of fruit to them. We are trying to make them see that we have tried to improve the quality of our products in accord with the agreements. This will serve to warn them that we know and that they shouldn't bully us.

[EKKALAK] What about our economic policy toward the United States?

[Amnuai] The United States is our largest market. We sell hundreds of billions [of baht] worth of goods to them every year. This is our largest market. The United States is about 50 times larger than Thailand. Texas, for example, is as big as or even larger than Thailand. They have great purchasing power. Thus, in concentrating on the U.S. market, we have to consider things carefully. Inflation is now on the rise there. And anything that happens there affects Thailand's markets. What happens there is more important to us than what happens in Europe. Thus, we must monitor the situation closely. They are a market of both purchasing power and demand. Thus, in trading with them, we have to give up some things in order to gain other things. Whatever affects their markets affects our markets, too.

[EKKALAK] What steps have been taken to defend against the U.S. economic offensive?

[Amnuai] We are holding negotiations. We are protecting our interests. This is not the responsibility of the Ministry of Foreign Affairs alone. This also concerns the Ministry of Commerce and other ministries. We are holding negotiations. The fact that we discarded the international flight agreement with the United States was a very bold move. That contract put us at a disadvantage. And so, when the time came, we ended that agreement. In response to this, the United States has said that we are not sincere about wanting to solve the problems. Even though we have been negotiating with them, they have still said that we aren't sincere. This is a matter of tactics on both sides. We are no longer wearing primitive clothing. We are no longer ignorant children. We are almost a NIC [newly industrialized country].

However, we still consider ourselves to be a small country. If they use their economic power, we won't be able to fight them. We will have to retreat, set up a defensive position, and turn to ASEAN. But as for the

cigarette problem and other economic problems, we have to protect our interests as much as possible.

[EKKALAK] What about cooperation with Indochina and the restoration of relations?

[Amnuai] We have made a great effort. Because if we can't get along with our neighbors, with whom will we be able to get along? We are trying to be friends with our neighbors. But don't forget that those countries with a Marxist administration still adhere to that ideology. Free trade, which is what we want, conflicts with that ideology. We must try to get them to shift to a free system, and not just freedom of speech. We want them to be free in all respects.

In Laos, for example, whenever we carry on activities, they say that Thais are interested only in getting their money and resources. Moreover, they view our free ways as bad. For example, if we take their natural resources, they may implement restrictions to prevent us from engaging in activities. They have said that we can invest but that we have to pay a transit fee. They have said that they will open a free market. But they are still collecting a transit fee, which is at odds with having a free market. Thus, as far as our Indochina policy is concerned, we would like there to be a single passport for travel to all these countries just as in Europe. But the situation in these neighboring countries is still not peaceful. We will have to wait until things are peaceful there.

Thus, it can be seen that we will have to make a great effort to get the Cambodians to stop fighting. The prime minister has said that he wants to transform the battlefield into a marketplace. Thus, before we can implement our economic policy, politics must first open the door. The situation must be calm before we can carry on economic activities. For example, the other day, we signed an agreement with Laos to protect our investment interests. Because in the past, things were not working. The Lao government granted us a timber concession, but when we went there, the provincial governor said that we couldn't fell trees. What could we do? We did not receive any protection in making investments. And so who would invest in those conditions?

The purpose of this agreement is to assure the Thai government that if something contrary to the agreement occurs, the matter can be arbitrated. In the past, there were no provisions for that. This will go into effect in one month. They have to inform their government that from now on, they must protect us when we invest there. We have done the best we can.

There will be a joint committee with Vietnam, if things are peaceful there. As for Laos, we will try to do the same thing that we did with Burma. But how can we move? When we try to move, we are blocked. We are trying to trade with our neighbors, particularly Indochina. We want to trade with Vietnam if things are peaceful there. Take Cambodia, for example. They will definitely have to purchase goods from us. We want that. This is not a new policy. We have been promoting this for a long time.

We want to promote this in this region. If they can unite, that will be a source of resources and a market for us.

[EKKALAK] What is the next step in solving the Cambodia problem?

[Amnuai] We want there to be peace. The SNC [Supreme National Council] has been established. We want to see the true form or organization of the SNC. But they haven't been able to choose a leader. We have tried to restore their embassy so that they can carry on activities. We have tried to support them. And we are not the only ones. Others want peace restored, too. Our Cambodian policy is very clear. The actions taken by the Thai government are very clear. Some people have said that we have been fooled by the Cambodians. The issue is very clear. We don't want to have to support the 300,000 refugees.

[EKKALAK] What about other attempts?

[Amnuai] We are not the only ones making an effort. Ban Phitsanulok is helping. They have given us much help. And Thais throughout the country have provided help. How have they helped? They have helped to foster peace. They have helped to prevent shells from landing in Taphraya. Newspapers have reported that Thailand has been generous in helping the refugees. What could we do? If neighbors fight and their children run to your house, can you let them starve? We have provided much help.

Actions to get Cambodia to stop the fighting are not part of a policy but an attempt to bring this about. We have done everything possible to get them to join together, form a government, and stand on their own legs. But this is not up to us. It is up to them. It depends on how well they cooperate with each other.

[EKKALAK] What about our economic policy toward Burma?

[Amnuai] As I said, we were about to become involved in things there, but then they started fighting among themselves. Internal administration there is in turmoil. All we can do is carry on trade along the border, because inside the country, we can't negotiate anything. Things change too quickly. We want to have friendly relations with our neighbors.

As for our economic policy, the situation inside Burma will have to settle down first. We have an embassy there, but we can't carry on much trade, because things aren't settled there. How can we trade with them when things are so unsettled there? Thus, we will have to wait until they have settled their affairs.

They said that there had to be a democratic government before a constitution could be drafted. But after the election, they refused to allow the victor to form a government. They said that they couldn't do that because this was not democracy.

We will have to wait until things settle down before signing a joint agreement to protect investments and grant concessions.

[EKKALAK] What about the development of the Mekong basin with China?

[Amnuai] In the upper or lower basin? As for the lower basin, the Lower Mekong Basin Committee was established a long time ago, during the time when Bunrot (Pinthasan) was minister of economic development. This committee is under the United Nations and ESCAP, [United Nations Economic and Social Commission for Asia and the Pacific] too. But there is no committee for the upper Mekong River, which includes Burma, too. There isn't even a work committee. The minister feels that even though little has been achieved in developing the lower Mekong basin, in the future problems may arise in making joint use of the water and resources and demarcating the border. Thus, he thinks that a committee should be formed. But a committee has not yet been formed. Don't misunderstand.

[EKKALAK] Will this benefit Thailand?

[Amnuai] Definitely, when we can use the Mekong River. Minister Prachuap (Chaiyasan) will pump water from the river. But if we pump too much, Vietnam and Laos will protest. There is more than one person using this river. Things could become confused.

[EKKALAK] What about opening the Mekong River as a communications route?

[Amnuai] That is just a daydream for now. If possible and an agreement can be reached, we could build a dam. We could develop hydroelectric power in the upper Mekong River and use that electricity jointly. We could dredge some sections of the river. We could use the river as a tourist site. But none of this can happen until there is peace in Indochina, and no one knows when that will be. But we definitely want to cooperate.

We are still buying electricity from Laos. Do you see? The Nam Ngum Dam. It won't be long before their dam is completed. That should be in 1991. The Lao minister said that Thailand could erect power lines. They know that those would have to go through a forest preserve. We have promised that this will be completed in time. We have promised to buy from them and we must keep our promise. There is still no Upper Mekong River Development Committee. A feasibility study may be made. If some project comes up, a survey must be done first.

[EKKALAK] How are our relations with the Soviet Union?

[Amnuai] We must study things closely. The economic and political structure of the Soviet Union is now changing. As the press has reported, Soviet republics have announced their desire to become independent. Thus, the economic and political structure is still confused. Today, the world situation is changing. Even the

leftist system in the Soviet Union is changing. Various republics are demanding special agreements and announcing their independence, with their own government. The Soviet Union is bewildered by all of this. The ministry's duty is to monitor things closely to determine what will happen. Once their political structure is secure, businessmen will go there. Otherwise, who will dare to do business there? Who would dare sign a contract with them?

### **Problems in Fisheries Ventures With Vietnam**

*91SE0051A Bangkok MATICHON SUT SAPDA in Thai 18 Nov 90 p 17*

[Text] The Thai-Vietnamese Fishing Company, a central fishing company that is to serve as the representative of fishermen, fishing industrialists, and fishing businessmen who want to carry on fishing operations with the Vietnamese government in Vietnam's territorial waters, was established following the trip to Vietnam by Mr. Phichai Rattakun, the leader of the Democrat Party and former deputy prime minister, and his party during the period 22-25 November 1989.

It was agreed that Thailand and Vietnam would cooperate with respect to fishing activities and the sale of ocean resources. Thailand was to establish a central company similar to the Thai-Burmese Fishing Company (1990) in order to invest jointly with the central company established by Vietnam. Joint investment was to be comprehensive.

At the same time, the Hanoi government informed the Ho Chi Minh City administration and the other units concerned that there would be no joint fishing ventures between the Thai private sector and the Vietnamese government until the Thai government implemented the terms of the agreement.

As a result of this agreement, local governments, such as Hau Giang Province, seized Thai fishing boats. Even cargo vessels passing through Vietnamese waters were seized as a result of this agreement. For example, a fishing boat belonging to the Thepnarong Contract Company Ltd. was seized.

Besides this, this agreement has also ruined the talks of the Thai private sector, which wants to obtain fishing permits, or fishing charters, from the Vietnamese government. One of the companies affected, for example, is Fishing Company 1989 Ltd., which is a joint venture of fishermen in Samut Prakan Province. One of the leading figures in this company is Mr. Suwat Detchaprasoet, the president of the Samut Prakan Provincial Fishing Association. But the Vietnamese government is interested only in having the Thai private sector engage in joint ventures with Vietnam. There have been several rounds of talks, but nothing has come of these talks. Many Thai fishermen who owned shares in this company have withdrawn from the company.

At a time when there is no cooperation between the Vietnamese government and the private sector, Cambodian, Singaporean, and Hong Kong companies have requested charters to carry on fishing operations in Vietnam, leasing Thai fishing boats to carry on these fishing activities. As a result, Thailand has missed an opportunity.

Just before the middle of 1990, Mr. Wichan Sirichai-ekkawat, the president of the Outside Thai Waters Fishing Association and a founding member of the Thai-Burmese Fishing Company (1990), gathered together the founding members of the Thai-Burmese Fishing Company in order to establish the Thai-Vietnamese Fishing Company (1990). That was after the Thai-Burmese Fishing Company succeeded in signing an agreement on fishing in Burma's territorial waters.

Those who own shares in the Thai-Vietnamese Fishing Company are different from those who own shares in the Thai-Burmese Fishing Company. That is, there are no fishing businessmen, who serve as brokers and who initiate fishing activities. This is because there are no such companies in Vietnam. That leaves only fishermen and fishing industrialists as shareholders. These include the Ice Plant, the Fish Meal Plant, the Canned Food Factory, and the shipyard, for example. But it, too, has registered capital of \$1 million.

At the same time that this company was established, plans were made to negotiate with the Vietnamese government. Initially, it was stipulated that company board members and officials from the Fishing Department would travel to Vietnam and hold talks with Vietnamese Ministry of Fishing at the end of June. The Soviet Foods Company, which is a Vietnamese state enterprise, was supposed to sign an agreement with Thailand. Investment was to be in the form of fishing and industry.

Later on, the trip by people from the public and private sectors had to be postponed, with just officials from the Fishing Company making an unofficial trip. That was because Thailand was then experiencing internal political problems. That is, the opposition parties were holding a no-confidence debate on the government.

After the political situation quieted down, Mr. Charoen Konthawong, the deputy minister of agriculture and cooperatives, stated in an interview that he planned to accompany company officials and officials from the Fishing Department on a trip to negotiate joint fishing operations. The trip was scheduled for 12-16 September. They planned to do the same thing that had been done in the case of Burma. At that time, the company had already been registered, and there was to be a meeting on 27 August to officially elect company officials. But on 26 August, the cabinet was reshuffled, and there were rumors that Mr. Charoen was going to be appointed minister of science, technology, and energy. As a result, Mr. Charoen had to cancel his trip. But the election of company board members took place as scheduled. That is, Mr. Wichan was elected managing director.

Around the same time, Mr. Nguyen Cong Hoa, the Vietnamese vice minister of fishing came and met with Mr. Plotprasop Suratwadi, the director-general of the Fishing Department, in order to stress cooperation as agreed on during the time of Mr. Phichai. But the situation turned out just the opposite when Mr. Plotprasop said in an interview that he was dissatisfied and would not support the establishment of the Thai-Vietnamese Fishing Company. He also criticized Mr. Wichan, saying that he was a middleman and he should not be a member of the company's board. This stemmed from the fact that Mr. Plotprasop was upset by what Mr. Wichan had written and said in an interview. That is, Mr. Wichan had criticized the policy regarding building tuna boats and requesting boat licenses.

In the wake of the two interviews by Mr. Plotprasop, in which he expressed his dissatisfaction, even though Mr. Wichan apologized, he nevertheless had to call a meeting of the board of the Outside Thailand's Waters Fishing Association and resign his position as a company board member. He also agreed not to give any more interviews on this issue for a period of time.

As a result of this conflict, there was uncertainty about whether the Thai-Vietnamese Fishing Company would be established. Even though Mr. Plotprasop stressed that Vietnam must negotiate with him only, many fishermen had great confidence in Mr. Wichan's ability to move this company forward.

A trip to Vietnam, with Mr. Plotprasop serving as the head of the negotiating team, was scheduled for 14-18 November. But the time had to be changed when Mr. Kon Thappharangsi, the minister attached to the prime minister, said that he was going to travel to Vietnam during the period 14-16 November. As for the trip by Mr. Kon and his party, it is thought that they will discuss the fishing activities of the Samsen Fishing Company. Shareholders in this company include Thai Nation Party MPs such as Mr. Kamon Chiraphanwanit, an MP from Lopburi Province, and Mr. Triwit Phumphuang, the managing director of the Thanini Trading Company Ltd., which is involved in tourist activities in Vietnam. Mr. Kon's group had planned to go hold talks on this before, but when they were criticized for this, they asked to join with the Thai-Vietnamese Fishing Company.

Mr. Plotprasop's group is now scheduled to travel to Vietnam during the period 21-25 November. Those who will accompany him include Mr. Wichan, Mr. Nakhon Phonphanit from the Surat Canning Company, and Mr. Kangwan Samutrattanakun from the Thai Phochana Canned Food Company.

Before this trip was scheduled, the Surat Canning Company informed the Securities Exchange of Thailand that it planned to invest in Vietnam by signing a contract with the Kien Giang Refrigeration Company and the Kien Giang Fishing Company in order to carry on fishing and industrial activities. But at the same time, Vietnam's State Board on Cooperation and Investment

(B.A.I) refused to permit investment promotion, stating that the Thai government must first recognize the company as called for by the agreement reached with the government of Vietnam. Thus, this trip is tantamount to government recognition of the company. And prior to this, the Sirichai Overseas Fisheries Company of Mr. Wichan signed a contract with the Vietnamese Vung Tau Company in order to carry on fishing and industrial activities.

As for Mr. Kangwan, Mr. Nguyen Cong Hoa, who is also the managing director of the Vietnamese Soviet Foods Company, sent a handwritten letter asking Mr. Kangwan to accompany the negotiating team. This is because Mr. Kangwan's company has asked to invest jointly with the Soviet Foods Company. If Mr. Kangwan accompanies the delegation, this, too, will be tantamount to receiving government recognition.

In the wake of this pressure exerted by Mr. Nguyen Cong Hoa, Mr. Plotprasop has changed his view and thinks that the Thai-Vietnamese Fishing Company may have to have a middleman, or influential person who holds shares. However, in an interview, Mr. Charoen expressed great dissatisfaction with Mr. Plotprasop for failing to report the conflict with Mr. Wichan and the movements on the fishing front.

Thus, at present, only the vague shape of the Thai-Vietnamese Fishing Company can be seen amidst the fog of public sector, private sector, and personal problems. But if all the factions would work together in order to establish a proper system that is fair to all factions, where will the great profits to be made from carrying on fishing activities in Vietnam's territorial waters go?

### Domestic Concerns, Lao Possibilities

BK2011051990 Bangkok *THE NATION* in English  
20 Nov 90 p A8

[Report by Ann Danaiya Usher: "Choosing Sides in Dam Politics"]

[Excerpts] Foreign Minister Subin Pinkhayen returned yesterday from a two-day visit to Vientiane during which he conducted high-level negotiations about construction of the Nam Thoen 2 hydro-electric dam project.

Subin announced to his Laotian counterparts that Thailand is willing to buy more electricity from Laos in order to "help" Laos gain foreign currency, and that a dam across the Nam Thoen River appears to be the "most feasible" for Thailand.

Notwithstanding the ongoing Thai-Lao rhetoric about brotherhood, bilateral cooperation and turning the war field into the marketplace, Subin's reasons for wanting to build the Nam Thoen 2 inside Laos are not difficult to understand.

He himself has commented to the Thai press that "you can't build dams in this country any more".

Thailand's industrial expansion and economic growth over the next few decades are expected to triple energy needs to more than 20,000 megawatts. The Nam Thoen 2 dam would have a generating capacity of 600 megawatts, the bulk of power an obvious alternative for development planners. [passage omitted]

Widespread deforestation and technical difficulties have seriously curbed the efficiency of Thailand's eight existing big dams. A glance at three decades of dam politics in this country helps to explain Subin's enthusiasm for Nam Thoen 2.

The reservoir of the country's first hydro-power dam, the three decade-old Phumiphon, dropped to 41 percent of projected volume in the 1987 dry season and rose to only 55 percent at the peak of the rains that year.

The reservoir of the Chiew Lan Dam—the country's newest hydropower dam, completed four years ago—filled to only 53 percent during the 1987 rainy season and has remained an average 20 metres lower than its projected water level ever since. [passage omitted]

Since then, the Electricity Generating Authority of Thailand (EGAT) and the Royal Irrigation Department (RID) have struggled to push through at least four other dams—but so far with limited success. [passage omitted]

The Pak Mun and Kaeng Krung dam projects are ongoing projects for which EGAT is currently requesting World Bank funding support.

—Pak Mun has received Cabinet approval, though opposition to the dam among environmentalists and villagers in Ubon Ratchathani Province remains strong. EGAT has argued that less than 100 families need be resettled to make way for the project, but the agency has not yet made public detailed topographical maps of the flood zone.

—The 80-megawatt Kaeng Krung dam project in Surat Thani Province continues to be debated. Environmental critics point out that one of Thailand's last intact patches of rain forest, which shelters a wide variety of wildlife, would be lost, while villagers are already suffering from the release of polluted water from the reservoir of the nearby Chiew Larn Dam, and they fear a second dam could worsen their situation. [passage omitted]

### Too Political?

The World Bank's chief of mission for Thailand, Philippe Annez, commented in an interview (prior to EGAT's most recent request for support for Kaeng Krung and Pak Mun) that dams in Thailand have become "too political" for the Bank to touch.

The head of the Interim Mekong Committee, Chuck Lankester has also acknowledged that the main obstacle

to building dams in Thailand is resettlement—that is, the unwillingness of villagers to move from their river valley homes to land that is often far less fertile.

Noting the lack of attention to environmental and social issues associated with dam-building in the past, Lankester insists that if Cambodia rejoins the Committee and a major dam across the Mekong mainstream is finally agreed upon by the four member countries, fair compensation and counselling will be provided for displaced villagers.

Still, the highest priority mainstream project—the Low Pa Mong near Nong Khai—would necessitate the eviction of some 30,000 people on the Thai side of the river. Though Lankester has said many villagers would probably prefer to move if offered sufficient incentives, the reaction of Northerners to the Pak Mun project suggests otherwise. Even if Cambodia were to send a representative to the Mekong Secretariat, thus ending 15 years of deadlock, tributary projects in Lao territory remain politically attractive from the perspective of Thai planners as a way around chronic controversies in Thailand. Public debate is still impossible in Laos as the media is highly regulated, there are no non-governmental pressure groups, and decision-makers remain intolerant of open criticism of government policy. [passage omitted]

Nam Chon makes a neat comparison with Nam Thoen 2, as the generating capacity, the number of displaced people and, from what is known so far about the forests of the Nakai Plateau, the wildlife that would be destroyed in both cases are uncannily similar.

This similarity extends even to the financial backing.

The World Bank supported Nam Chon until 1987, when it suddenly withdrew, partly in response to growing opposition to the project in Thailand, and to increasing criticism abroad of environmental damage caused by Bank lending.

Today the Bank is the major proponent of Nam Thoen 2 in Laos, having hired an Australian consultant to conduct the feasibility study and organized a meeting of potential donors for the U.S.\$500 million (Bt12.5 billion) project. Germany, Japan, the Asian Development Bank and the World Bank have expressed interest in disbursing loans if the project is approved.

While the international community is up in arms about tropical deforestation and species extinction, the banks and Western donors are quietly going about their business as usual inside Laos.

Like Subin, who has referred to dams inside Laos as "sleeping beauties" waiting for their "prince charming", they appear to have recognized the political advantages of Nam Thoen 2.

**Counter-Corruption Board Seen as Failure**  
*91SE0051B Bangkok SIAM RAT in Thai 5 Nov 90 p 8*

[Editorial: "Dissatisfying Results"]

[Excerpt] [passage omitted] Analyzing the results achieved by the OCCC [Office of the Commission to Counter Corruption] in 1990, it must be admitted that the commission has failed to achieve results on the control and suppression fronts. Besides the fact that little has been done to halt corruption, the statistics show that corruption among senior government officials has continued to increase, which indicates that these senior officials have little fear of the law.

As for why senior government officials in Thailand engage in corruption and other illegal activities without fear of the law, the chairman of the OCCC Public Relations Subcommittee said that "it's because they have protection." Exactly what the OCCC meant by "protection" here is not clear. But in our view, this probably refers to the fact that the powerful people in administrative circles or senior commanders provide protection.

If this is true, we feel that the time has come to revise the Act on Controlling Corruption in Government Circles and improve the administrative structure and system. For example, the OCCC should be an independent body so that it can carry out its duties resolutely. The criteria for and method of selecting people to serve on the commission should be made clear. This should not depend on the "desires" of the administrators. Because if that is the case, there will be "protection" for those government officials who engage in corruption and other illegal activities. They will never be held accountable. Only lower ranking officials, or the small fry, will be punished.

**General's Open Letter Blasts Chaloem Yubamrung**  
*91SE0048A Bangkok LAK THAI in Thai 12-18 Nov 90 pp 18-20*

[Excerpts] "He said that any soldier who wants that and who is not satisfied should step forward in order to see who is not satisfied. I had to do that," said Major General Wicha Siritham to LAK THAI. He caused quite a stir at the end of last week, with the matter published on the front page of the newspapers, when he announced his "opposition" to Police Captain Chaloem Yubamrung, the minister attached to the Office of the Prime Minister.

Major General Wicha Siritham sent an open letter to Police Captain Chaloem Yubamrung through several newspapers. The letter was sent from the Special Warfare Command in Lopburi. In the letter, he said that he was expressing his personal views as a Thai whose profession is the military and who has the right to love his country just like every other Thai. [passage omitted]

**Same Class as the Commander of the 1st King's Guard Division**

Major General Wicha Siritham is a member of Army Preparatory School Class 18 and CRMA [Chulachomklao Royal Military Academy] Class 11. Fellow classmates include Major General Chainarong Nunphakdi, the commander of the 1st King's Guard Division, Major General Thitiphong Chennuwat, the commander of the 2d King's Guard Infantry Division, Major General Hom Holamyong, the commander of the Special Warfare Center, and Major General Han Phethai, the commander of the 2d Special Forces Division.

Major General Wicha is a paratrooper and special forces officer at the instructor level. He has made approximately 1,500 jumps. He has been a paratrooper ever since he was a 2d lieutenant serving with the Air Logistics Quartermaster Unit at the Erawan Camp in Lopburi. After that, he was promoted to 1st lieutenant and assigned special duties in Laos with the "Rathikun" Force. He later returned to his former unit and climbed his way up to the position of commander of the Air Logistics Quartermaster Unit. Until recently, he served as the deputy chief of staff of the Special Warfare Command. He was promoted to major general on 2 October 1990 and appointed chief of staff officers to the assistant RTA CINC (General Wimon Wongwanit, the former commander of the Special Warfare Command). He was then made chief of staff officers to the army chief of staff (General Wirot Saengsanit) and adviser to the Special Warfare Command in Lopburi.

Officers' Quarters, Special Warfare Center, Lopburi 7 November 1990

To: Police Captain Chaloem Yubamrung

I am coming forward in response to your challenge and would like to give people some additional information about the mobile radio truck issue. You didn't lie, but you didn't tell the entire story. I don't know whether you simply forgot or did that intentionally. Besides having the capabilities of which everyone is aware, that mobile truck also has "signal intercept and jamming capabilities and can destroy the communications network in the national defense plan." If an enemy sent ground forces or aircraft to attack Thailand and used mobile radio trucks to jam our communications net, we would not be able to issue timely orders to our aircraft or forces to meet their attack. You stated that "if the frequency is the same as that used by the military, the Post and Telegraph Department can eliminate the use of that frequency. That will take care of the matter." But that would not be the end of the matter, because that truck would still have the same capabilities as before. It could be used at any time unless the important pieces of equipment are removed. Thus, I want people to be aware of the tricky way that you explained things to them and have them think about how much of a threat that mobile truck poses to our national defense system. You told the truth but not the entire truth.

That's enough about the mobile radio truck. Let's turn now to your challenge. I accept your challenge. I want to say that Thailand should not have people such as you serving as minister. My reasons for saying this are as follows:

1. In every unit that you have administered, conflicts have arisen. For example, the Electricity Generating Authority issued a protest. Fortunately, there was someone who was able to solve the problem. Otherwise, the people would have suffered if there had been a blackout. Then there was the Channel 9, Mass Communications Organization of Thailand, matter of \*\*\*\*[illegible]. The Office of the Commission to Counter Corruption [OCCC] confirmed that there were grounds and that a violation had taken place. This matter is still pending.

2. You have acted more like a bully than a minister. You have constantly talked about cutting up this and that person. If you know that someone has done something illegal, you should disclose it in order to prevent that person from harming the country. But instead, you have used such threats to benefit yourself and your clique, with the Police Commission finally issuing a resolution of shame.

The people are happy that Prime Minister Chatchai is an elected prime minister. But you have made people wonder why a minister from a party with only five MPs has created so many problems and why you are still trampling on your party's secretary general. Does he still want you, or do you know some secret that could embarrass him?

3. You "talk like a democrat but have the heart of a dictator." If I remember correctly, you were dismissed from the Police Department for participating in the 1 April 1981 Rebellion. I would like to ask you, Do democratic people use force to topple the government? You say that you are an elected official and belittle those who have been appointed to their positions, saying that they were "lucky." I would like to ask you, between those who have been elected and those who have been appointed, which group has caused more problems for the country? Also, you often say that you were elected. Would you be willing to swear before the Thai mass media that you did not buy votes?

4. Thailand had ministries and departments long before you became a minister, and there have been problems and conflicts before. But one of their principles was, "If a unit has problems and conflicts, let the minister concerned handle it." Thus, they administered the country in a united way. They didn't make the problems

even worse or use television to create a stir and upset the people, using the opportunity to gain votes, which is what you have been doing.

5. Your past is very suspicious. Those who attend NCO school often come from a poor family or at best a middle-class family. They are not wealthy like you. Would you be willing to allow the Revenue Department and the OCCC to examine your assets going back 10-15 years to determine how you obtained those assets and to determine if you have paid your taxes properly? There is also the matter of your earning a degree abroad and then rising from an army NCO to a commissioned police officer. I am not very sure about that, because there have occasionally been reports that some foreign universities "sell degrees." You should provide additional details to show that you obtained your degree through your talents and that you did not "purchase a degree." I and other people would have more confidence in you.

6. In the past, you participated in the 1 April 1981 Rebellion. But on television, you praise yourself as a "hero." You fostered unrest, but you change "black to white." Are you aware of the fact that you have constantly played a part in destroying democratic administration?

7. You claim that you pay for the time that you appear on television because you have a sponsor. If another person or a juristic entity or political party would like to criticize someone and asks to rent time like you, will Channel 9 rent time to them? I have much more data, both good and bad, on you. But I will stop here for now.

I would like to conclude with one of your metaphors. "The prime minister is the bamboo shoot and you are the bark. Thus, people can't eat the bamboo shoot." I disagree. I don't think that anyone wants to "eat" the prime minister. In the press, no one has said that the prime minister is a bad person. The only thing they have said is that he has bad ministers. You should revise your metaphor: "The prime minister is like an abbot for whom the church members have great respect. But he has a temple dog that barks at and bites the church members. Besides that, he is sickly. Because of this, the church members don't like to go to the temple and some have even urged tearing down the temple." If you used that metaphor, I would agree with you.

Once again, these are my personal views as a Thai who serves in the military. I have just as much right to express my views as people in other professions and so I am signing my real name and address to facilitate contact.

Sincerely,

Major General Wicha Siritham

## MILITARY

### Combined Tactical Exercises Help Improve Training

912E0038B Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Oct 90 pp 53-55

[Article by Lieutenant Colonel Nguyen Te Nhi and Senior Captain Trinh Hung. "Combined Exercises—A Measure To Raise Training Quality in Army Officers School I"]

[Text] When training programs are drafted, the model containing the training goals is divided into small parts with actual objectives having to do with various military, political, logistical, and other knowledges. The training installations, in the course of the training, do things in the reverse manner: They try to achieve the objectives of the lessons and subjects while shaping up their products. Because of many reasons, the products put out by the school are not completely similar to the model called for by the training goals. There is a definite "gap" between the officers trained by the school (products of training) and the officers required by units (training model). To strive to narrow this "gap" is to improve the quality of training, which is something that all schools in the entire military branch are trying to achieve.

One of the reasons behind this "gap" is found right in the officers' training program. In the training process, every department and section tries to achieve in an individual and independent manner the goals and objectives assigned to it. The linking and putting together of the multifaceted knowledges into a unified entity is done by cadets, with the varying results obtained depending on the thinking of each individual.

In order to help cadets to do this linking job properly the Army Officers School I organizes at the end of a training class a series of combined tactical exercises, which are commonly called the "round of general operations."

Combined tactical exercises, as the name suggests, are aimed at helping cadets to combine the military, political, logistical, technical, and other knowledges that they have acquired in the three years they have been in school on the basis of using tactics as the backbone. Through the round of general operations, cadets—the future officers—raise their ability to apply principles to organizing military operations and the stationing of troops, to making preparations for combat, and to practicing combat under the conditions that are close to realities and the battlefield.

The round of general operations of Army Officers School I consists of four stages of operations covering a distance of about 100 kilometers each under different terrain conditions. The basic activity in each stage is that of a detachment operating under battlefield conditions in the formation assigned by its superior authorities. During the operations (lasting from 10 to 15 days depending on the class) and at the place where it is stationed, the

detachment must deal with matters that occur from day to day and unexpectedly as well. It organizes and practices combat activities with different maneuvers, such as fighting the enemy in an ambush, in an air attack, in hand-to-hand combat, and so on, and different sizes of the units involved, such as squad, platoon, company, and so on. At the end, the detachment arrives at the assigned location where it switches to a defensive posture and resorts to company-level combat firing.

During the round of general operations, cadets take turns in assuming the commanding duties from squad and platoon to company leaders. Instructors play the role of directors. Thanks to actually assuming the duties of a unit commander and learning experience from it, and through the evaluation and observations of directors, cadets—the future officers—fully grasp the work to be done by a commander in conducting military operations, encamping, preparing for combat, and carrying out combat activities.

Each stage of the operations has definite training goals and the training objectives of the subsequent stage are higher than those of the preceding one. For instance, for the same night encamping cadets must face the situation of fighting enemy commandos following their entering the encampment site in the 2nd stage of the operations, and moving their troops to another encampment site in the 3rd stage, and so on.

The general director carefully plans with the directors what is to be learned during training in specific locations. At these locations the directors set up the situations for cadets—the detachment commanders—to deal with by themselves. As a result of this arrangement, cadets do not feel bored and tired. Cadets, both those who are assigned the commanding duties and those who are not, must think very hard in order to find the ways to handle the situation correctly and timely. The combined exercises actually are an opportunity for cadets to put together and systematize the basic knowledge they have acquired in the class. Through these exercises their abilities to organize command and troop management and their tactical thinking are clearly shown. We can say that the combined exercises are a graduation essay written with action. Through the exercises cadets know the weak spots, limits, and gaps in their knowledge so as to compensate for them prior to the review for the graduation examination.

Those who take part in the round of general operations, in addition to the third-year cadets and instructors of tactical subjects, include instructors of such subjects and topics as weapons, party affairs, and political work, and key cadres as well as cadres of the offices and departments interested in training. The exercises not only help cadets to train themselves in physical and commanding capabilities but also are an opportunity for cadres at all levels to raise their organizing, commanding, and unit-managing capabilities, and for instructors, particularly the new ones, to improve their specialized capabilities. The mistakes and shortcomings that may be made by

many cadets at the same time should suggest to instructors the need for drawing some experience from them in order to improve their teaching in the next classes.

In Army Officers School I, the training goals and the duration and number of stages in a round of general operations do not remain the same year after year. The school does change them each year to make them more suitable on the basis of the results obtained from teaching the major subjects in each class and the needs of units and battlefields (in accordance with training guidelines from superior authorities).

The experience in organizing tens of rounds of general operations shows that this is *an indispensable form of training for officers schools producing commanders for a branch of service*. Following a round of general operations, cadets feel more mature and confident; more particularly, the organizing, commanding, and unit-managing capabilities of these future officers begin to take definite shape.

However, as the casual name that everybody in the school uses, "round of general operations," indicates, the combined tactical exercises of Army Officers School I seem to lean more toward training in physical capabilities and endurance for cadets. Although this training is necessary, of course, we think that in order to obtain better results the exercises should be organized in such a way as to let cadets practice and learn more fully the responsibilities of platoon leaders, the first position that they are trained for. In addition, the round of general operations remains too "regular" and too "permanent." If in the exercises we have additional activities in which there is coordination with the local combat forces and local militiamen and guerrillas, the results will be even better.

### Militia, Self-Defense Forces Protection Seen

912E0036A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Aug-Sep 90 pp 51-54

[Article by Captain Nguyen Manh Hung: "Militia, Self-Defense Forces' Task of Protecting Local Administration"]

[Text] On 29 January 1990, the Council of Ministers issued Decree 29/HDBT, promulgating Statutes for the Militia and Self-Defense Forces. This is a new development in building the mass armed forces. These statutes define the four basic tasks of the militia and self-defense forces in the new situation, foremost of which is "**close coordination with public security and other specialized forces in maintaining political security, order, and social safety, and protecting the party, the local administration, lives and property of the people, and the property of the collective, state, and army at the primary level.**"

Through practical activities, the role of the militia and self-defense forces has been increasingly confirmed in many aspects of work in the local area. Of these, the *militia and self-defense forces have successfully developed*

*an effect as a key force in maintaining political security, order, and social safety in the movement of "all the people protecting the security of the fatherland" at the primary level.* The truth is that most incidents such as subversive activities, losses in order and security, and unstable situations at the primary level as well as coastal and border crossings out of the country, or infiltration across the border by reactionaries have all been discovered on the spot by the militia and self-defense forces who have directly or actively participated with security forces in prompt and effective resolution. Recently, the role and effect of the militia and self-defense forces have also been fairly clearly expressed in implementation of Council of Ministers Directive 135/HDBT on fighting crime and achieving local purification. In all primary level units and localities throughout the country, the militia and self-defense forces have actively coordinated with security forces in the campaign to "sweep out crime." By many other forms and methods, the militia and self-defense forces have assisted public security forces in good local management, maintaining a firm grasp of objectives, and promptly uncovering the anti-government actions and hiding places of criminals, while conducting simultaneous education, propaganda, and motivation activities to get suspects in the area under their jurisdiction to give themselves up, and actively and continuously attacking stubborn criminals unwilling to "mend their ways," and denying them opportunities to commit crimes. Thanks to the active participation of the militia and self-defense forces, recent anticrime campaigns in localities throughout the country have produced many results. Initially, confidence has been retained and strengthened among all classes of the people, with public accord and support.

With the present world situation as well as our domestic background, it may be said that the struggle on the political security, order, and social safety front is extremely arduous and complex. It is a struggle interlocking struggles between the enemy and us, between the two routes of socialism and capitalism, and between positivism and negativism among the people and among agencies of the proletarian dictatorship. It is a struggle of a highly "mobile" nature, unceasingly developing in form, substance, and intensity. Its occurrence is extremely multifaceted and rich, at times seething and tense, and at times secret and silent but always violent and difficult. On this seething front, there are many "kinds of enemy" from superstition, speculation, and smuggling to spies, raiders, opportunists, antigovernment, and antisocialist elements, etc. All of these, to different degrees, are adversaries, obstacles to our people and our regime on the renovation route. Of this number, worthy of attention are some especially dangerous adversaries, the imperialists, international reactionary forces, and antisocialists. Although severely defeated in their war of aggression against our country, they have not given up or abandoned their ambitions of encroachment against our country. At the present time, they daily and hourly continue to connive and conspire with each other to insanely sabotage the renovation work and revolution

of our country. They resist and sabotage us in every political, ideological, economic, national defense, security, cultural, and social field. We must therefore be extremely alert, constantly uphold our vigilance, and resolutely smash all of their machiavellian stratagems while in their infancy.

*Rebellion* is one of the stratagems commonly used by imperialists and reactionaries against proletarian states. Depending on the specific situation, conditions, and capabilities, they may organize rebellions of different scales aimed at achieving different objectives. At the lowest level, they may organize "subversion," disturbing the situation, creating confusion, and causing a loss of public confidence in the renovation work and in socialism. At other higher degrees, they may organize rebellions to establish counterrevolutionary "base areas" and raise the reactionary "flag" or as an excuse for foreign military intervention and paving the way for a war of aggression. Even higher, if conditions and capabilities exist, they may organize higher level rebellions—also known as counterrevolutionary coups d'etat—to overthrow the people's government.

Of course, whether they are able to achieve a rebellion or not is not entirely dependent upon them but upon us. If we are strong, their efforts, no matter how great, are hopeless. Conversely, if we are weak and not vigilant, they easily acquire the conditions necessary for achieving their designs. Consequently, the *prevention and control of rebellion* is a basic theme and simultaneously an important measure in the task of maintaining security and protecting local administration. Examined from the aspects of the overall concept and effect, "prevention" must be the primary element and "resistance" is also important. In this task, militia and self-defense forces have a great role. However, if militia and self-defense forces at the primary level want to develop an effect and successfully complete this task, they must be *truly strong in every aspect, above all politically*. Practice has proven that not a few incidents involving security and loss of secrecy have occurred right within the forces themselves. There have even been cases in our forces in which individuals have been planted or bribed by the enemy to work for them. Thus, in building up the forces, political standards must be set first and strictly observed at the recruitment stage as well as throughout the process of individual service in militia and self-defense forces.

During the past few years, following general supervision, militia and self-defense forces at the primary level and in localities throughout the country have been consolidated and rebuilt in a fairly basic and total manner consistent with the situation and mission during the new revolutionary period. With an orderly organization (depending on the location but usually one mobile platoon per village), rational size, and assured quality (the previous average ratio of 10 to 12 percent has now been reduced to 4 to 6 percent of the population), these forces are gradually achieving their aim of widespread and firm construction. The "white area" situation, meaning a

region with a population but no militia or self-defense force, has been eliminated. These are fundamental "good" things achieved in the general course of building and consolidating the militia and self-defense forces at the primary level during the past few years.

However, along with the "good" things above, it must be straightforwardly stated that there are still many things "wrong." Among these things that are "wrong," of fair importance is the fact that *renovation of the training task has been slow*, not promptly supporting the basic and constant mission of the militia and self-defense forces, and also that of *maintaining political security and protecting the local administration*. Through activity in this task, the most apparent and prevalent weakness is the security task of the militia and self-defense forces. In many locations and circumstances, due to an inability to firmly grasp principles and to deficiencies in the security task, the militia and self-defense forces have made functional mistakes, infringed on tasks of the public security forces, and occasionally even violated the law. Therefore, the militia and public security forces must be built up and trained in the principles of maintaining security as well as in effective measures in order to protect the local administration.

To successfully achieve this mission, the militia and self-defense forces must *closely coordinate with security forces in each area*, and rely firmly on the people to attack and continuously attack all kinds of enemies. This is also a precious lesson reflecting the traditional nature of our people. It is necessary to start with the specific characteristics and conditions of each locality to achieve suitable and creative coordination between security forces. In the rural area, this is the coordination of the militia with the village public security force under the leadership of the party committee echelon and the supervision and direction of the local administration, taking under consideration the differences in each situation in order to ascertain whether the public security side or the military side should be in command. In the highland and border areas, it is the coordination of hamlet and mountain village militias, state farm and state forest self-defense forces in each local area, with public security forces and border defense troops firmly controlling and managing the land and sea. In cities and towns, it is the coordination of public security forces with civil defense and self-defense forces of factories and enterprises located in the area in achieving the mission of protecting the overall security of the local area as well as within each factory and enterprise. And in each factory and enterprise, it is the coordination between protection forces (perimeter) and self-defense forces (internal) in resisting theft and destruction and in protecting the property of the factory and enterprise.

The coordination of the militia and self-defense forces with public security and other professional forces in the same area in security protection must be regularly achieved following a unified plan. Monthly and quarterly schedules must be set, and ad hoc assignments

made when complex situations occur. Under the leadership of the party committee echelon and the direction of the local administration and through instruction sessions, forces must report on the security situation under their management, and also discuss plans and coordinate actions aimed at successfully maintaining political security, order, and social safety at the primary and local levels.

Practice has shown that wherever the primary level party committee echelon and administration are strong, the militia and self-defense forces there will be in a position to develop the composite strength of people's government, of all the people, and of every force heading off the adversary; and the enemy will be denied a "foothold" for sabotaging us. Conversely, wherever primary level units are weak and the militia and self-defense forces are lacking in strength, our attack will be limited and that area will become a "fertile" ground for the enemy to use in sabotaging us. Building a strong and total primary level unit, closely coordinated with building powerful militia and self-defense forces, is the theme and at the same time an effective method to achieve victory on the security front. During the building process, total and widespread building must be emphasized, but priority and in-depth building must also be given attention. It is especially necessary to emphasize primary level units located in strategically important areas such as border regions (especially along borders opposite the enemy), remote and underpopulated regions, heavily populated regions, and in Catholic regions. Large cities and industrial areas of economic, political, and national defense importance are also targets for concentrated enemy sabotage. Therefore, along with militia and self-defense force building, powerful primary level units must be built up. In other words, building a powerful militia and self-defense forces is a basic theme in building primary level units; and at the same time, building powerful primary level units is a condition necessary to insure militia and self-defense force building. These are two aspects of the same problem with an organic relationship and at the same time an important theme and requirement to successfully achieve the mission of maintaining security and protecting the local administration at the present time.

The policy of compensation for the militia and self-defense forces while engaged in their security maintenance mission is also a problem requiring the attention of local areas and primary level units. In our opinion, only when a satisfactory resolution is reached between duties and obligations as well as equitable compensation between forces participating in the same mission, can they be motivated to carry out and successfully complete their mission.

#### **Discussion of Matters on Building Combat Villages**

912E0038A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Oct 90 pp 9-12, 90

[Article by Lieutenant General Nguyen Quoc Thuc: "Some Views on Building Combat Villages in Military Region 4"]

[Text] *Combat villages*, the characteristic product of Vietnamese military organization and art, have been created and developed by our army and people in the course of the creative application of the party line on the people's war and all-people national defense to the three wars of resistance for the defense of the fatherland. Combat villages (along with combat neighborhoods) are the form of "all-people fight against the enemy" at the basic level, which is aimed at waging the people's war at the basic level in the local people's war.

For more than half a century Vietnam's villages were full of the historical traditions of building and fighting under the party's leadership. In Military Region 4, Cu Nam and Canh Duong in the war of resistance against the French and My Thuy and Vinh Loc during the resistance against America were heroic villages that symbolized the will and strength of the army and people in defending their villages against the aggressors. In the life-and-death struggles against many aggressive enemies for liberation of the country and defense of the fatherland, our combat villages did not cease to move forward and to develop themselves so as to further improve and assert their important position. At the same time, through such action they also vehemently proved the correctness and creativity of the party's view and line on waging the righteous people's war.

Today, on the basis of the task of defending the socialist fatherland under new historic conditions, *our party has carried out strategic adjustments and reduction of the regular army strength, which are closely linked with implementing the policy of building provinces, municipalities, districts, and cities into strong defense areas, with building combat villages (and neighborhoods) being an important and strategically significant part of it.*

In order to successfully carry out the task of building combat villages in Military Region 4, in our opinion, first of all we must unify the views on and fully grasp a number of matters having to do with views as follows:

First of all, it is the matter of **the people being the real masters in the task of building combat villages**. This is the most basic view that affects other views, and the real outcome of this task as well.

Villages serve as the best and most direct social environment for the people to achieve their ownership rights and to fully display their ability to be masters. We can boldly say that if the people cannot act as the real masters in building and developing their villages, it will be difficult for them to express their ability to be masters in other environments. To properly exercise the people's ownership rights in the building of combat villages also is a collective expression of our party's view on all-people defense and people's war.

In the past wars of resistance, the people themselves built many model "fight the aggressors and hold your village" resistance villages, "steel land and iron fortresses," and "defense belts for destroying Americans-puppets." The people had clung to the land before the guerrillas clung to

the aggressors. The people had dug tunnels to hide "party chapters," had fed cadres, and had turned houses, ricefields, gardens, bamboo hedges, and ponds into battlegrounds and rear-service bases before the army succeeded in creating strong, staunch, well-led, and well-commanded combat organizations that operated for a long time right "in the heart of enemy territory" and served as strong fortresses protecting the free zone and as battlegrounds where offensives against the aggressors originated.

Today, Vietnamese villages are different from those of the past, in terms of quality. The strength of the people, the wealth, the party organizations, the administration organizations, the political organizations, and so on have all become numerically much larger. Although the negative aspects of the party and administration organizations in a number of bases have somehow eroded the confidence of the people and have reduced their enthusiasm in many fields of activities, the people still strongly love their country and hold a high degree of responsibility for building and defending the land where so many generations of their forefathers were born and grew up in. In the recent defense-zone military exercises, in spite of the serious natural disasters, the people in the areas of the military region where the exercises were organized still showed many brilliant examples of patriotism and love for socialism. That was the reason behind the success of those exercises and would be the most basic reason for obtaining good results from the task of building combat villages.

As the people are the masters, first of all they must be the architects who design their own combat village model; then the village people's councils must discuss and outline the basic model. We should not do things in the old way by asking the people to carry out a combat village model planned by the superior echelons. The fact that many villages in the military region have gone through many wars and have fought the enemy in many kinds of aggressive wars makes us feel that the people are totally capable of having the knowledge and experience to organize their own fight to conform to the new conditions.

The people directly contribute labor and material resources to building and developing combat villages. Therefore, they must discuss and decide any plans, steps, and measures for the building; particularly any spending and use of labor, means, and money in this building task must be openly discussed by the people, or at least in front of the people's councils.

The people of every hamlet and village and the members of every cooperative have the absolute right to act through their organization to control the execution of a plan, to discover shortcomings and negative aspects, and to make adjustments so as to make the plan more suitable as well.

Village CPV [Communist Party of Vietnam] committees and village people's committees correctly fulfill their

function as leaders and guides in suggesting the most important matters and organize the execution of a plan in accordance with the decision of the people's council. The important thing is that village CPV committees, mostly the people's committees, must fully listen to the people's opinions and keenly and totally study such opinions before setting forth their final decisions.

**Secondly, building combat villages must be a part of the overall plan for building villages that are fully developed in all aspects.**

At all levels, from basic to district and provincial, the tasks of achieving economic, cultural, social, national defense, and security construction must always be closely linked together, be unified, and act on one another. Economic, cultural, and social construction serves as the basis and foundation for achieving the national defense task and carrying out the building of combat villages; in the same vein, to carry out the building of combat villages creates additional favorable conditions for villages to become totally and strongly developed under the conditions of the nation as a whole carrying out two strategic tasks at the same time. Therefore, we cannot say that building combat villages will hamper other tasks, including the task of developing the economy.

According to the plan for building villages that are developed in all aspects, when we build combat villages, we must closely link the job with achieving economic, cultural, and social construction and development. This means that we must rely on economic development plans and the villages' combat plans to have appropriate plans for linking them. This linking has many goals, covers many aspects, and consists of many steps and measures. Some of these goals and aspects must be linked at the time the overall plans are drafted; other goals and aspects must be gradually carried out in steps, and still others will have to be carried out in advance or only when there is a war. In short, the measures for linking them must be gradual and basic, with the linking to start from the beginning and to last through the entire period of building totally developed villages. We may also say that this is in substance a harmonious combination of the economy, national defense, and security at the village level under the new conditions.

The realities in Military Region 4 show that any localities that set a correct direction and successfully link the task of building combat villages with other tasks will obtain good results from the former. On the other hand, those localities that emphasize in a one-way manner only the task of building combat villages or underestimate it, and in the course of carrying it out do not know how to link them with other tasks will get poor results from building such villages. We can affirm that there cannot be a single ready-made model of combat villages. The typical combat villages that had existed in the past in Military Region 4 and in the country as a whole would be useful only as something we could study and draw some experience and lessons from. The important thing is to

know how to rely on the characteristics, nature, and various capabilities of each and every village today to carry out the task in a creative and dynamic manner.

In recent years we have had in Military Region 4 those villages that acquired some initial experience in the task of building themselves into combat villages. Such villages as Dien Thanh (Dien Chau District) and Trieu Thuan (Trieu Hai District) strongly relied on the economic development bases and on building the political bases of the masses to create the local national defense strength while fulfilling that task. Or Quang Hai (Quang Xuong District) first relied on the results of properly resolving the problem of occupations to expand and develop the economy and to stabilize the people's living conditions as a precondition for building itself into a combat village. As to Ho Bac, a highland village in A Luoi District, it believed that building itself into a combat village would primarily depend on settled farming and settled life as a foundation and on developing and expanding the means of communications, gradually raising the cultural capacity of its people, and ceaselessly linking it with economic development. Through the above-mentioned villages, we find that each village has its own characteristics and adopts different direction and measures to carry out the task of building itself as a combat village, but we also find a common thing, namely, that from the beginning all villages have known how to develop their strengths, to overcome their weaknesses, and to link the building of combat villages with other tasks. Beside those villages, there are, of course, the ones that have not carried out the task well enough and, like the others, are far from representative and typical, for there still remain many shortcomings. Consequently, in the course of building combat villages, each and every village must struggle harder and more creatively and dynamically so as to carry out more and more properly the second strategic task of the revolution in the localities.

**Thirdly, building combat villages must be a part of the general plan for building districts and cities into strong defense areas.**

This view can be considered one of the *direction-setting* and *influential* ones in the entire process of building combat villages.

Each and every village in Military Region 4 in particular, and in the country in general, is a part of a district and city defense area. It is a link, a part among many that make up a district and city defense area. The fighting capacity of this defense area first of all depends on the full and total preparations having to do with manpower, material bases, combat plans, and so on, which in turn greatly depend on the combat strength of each and every village in the defense area. If every village fights well, the defense area will be strong; but if the fighting capacity of each village is not so great, the defense area will accordingly be less secure. On the other hand, we also need to realize that combat villages can reach the highest level of their fighting capacity only when they fight within the

formation of district and city defense areas. Therefore, we should not emphasize in a one-way manner only the strength and independent fighting capacity of each village in a district and city defense area, which by themselves are important, of course. The relationships between combat villages (as components of defense areas) and district and city defense areas are organic ones that influence and depend on one another.

Every combat village in a defense area has its own position, role, task, and nature. Some villages occupy a forward location, others a rear location, and still others a primary or secondary or important position; some villages have a large population and are rich, others a small population and poor. The many-sidedness and dissimilarities of villages in terms of location, function, task, strength, and potential are the basic characteristics of district and city defense areas. Correctly understanding and effectively exploiting these characteristics is realistically contributing to building strong district and city defense areas. Therefore, in the building of combat villages we should not be mechanical but rather act in an extremely creative manner. In addition to the need for a great ability to fight independently, every combat village must have the strength required for coordinated combat in its defense area's continuous battle plan. At the same time, what is more important is that *every combat village must have the ability to properly fulfill its task in accordance with its function in the district and city defense area*. This can also be considered a goal that must be attained in the building of combat villages.

**Tay Ninh Province Striving To Maintain Security**

912E0018A Hanoi QUAN DOI NHAN DAN  
in Vietnamese 14 Sep 90 p 2

[Article by Pham Thanh Vieng: "Tay Ninh Brings Combined Strength Into Play, Strongly Attacks Internal and Social Criminals and Negative Phenomena in Area Defense Exercise"]

[Text] Tay Ninh Province has completed its 1990 area defense exercise. The provincial guidance committee combined that exercise with launching concentrated activity campaigns to take the initiative in attacking internal and social criminals and negative phenomena throughout the province and attained notable results. Among the lessons that were learned was that of using combined strength as a key factor in bringing about victory for the exercise in general and in attacking criminals and negative phenomena in particular.

Tay Ninh has always been an important strategic area and was a base area of the revolution in the south during the anti-French and anti-U.S. periods. It also was one of the front-line localities in the southwestern border war.

Tay Ninh also shares a national border with Cambodia and has become a bridge linking two large, important areas—Ho Chi Minh City and Phnom Penh—so political and economic activities there are very complicated. The reactionary, opposition, and trouble-making forces

have long regarded Tay Ninh as a "sacred ground" area in which to operate clandestinely. In recent years the various kinds of criminals, taking advantage of the nation's economic-social situation being beset by many difficulties, have blossomed and caused many disturbances in social life, which has greatly affected the fulfillment of the two strategic missions—building and defending the Fatherland—in the locality.

On the basis of the actual situation, the standing committee of the Tay Ninh provincial party committee adopted the policy of combining, in an area defense exercise, local purification with attacking all kinds of criminals and negative phenomena.

Having gained experience from the exercises of the other provinces in Military Region 7, Tay Ninh began the implementation of an exercise by carrying out plans to change over to the status of combat readiness, to prepare for and carry out combat in accordance with orders from the upper echelon, while attacking and struggling against the provocateurs, people who oppose, cause trouble, and slander the revolution, criminals, social evils, etc.

The scope of the concentrated activities was the entire province, but the province selected two districts—Tan Bien on the border and Hoa Thanh in the interior—as test cases. In each district there were test villages, so the provincial guidance committee gave over-all guidance, while concentrating on assisting the test areas with regard to organization and cadres and by providing support facilities.

Before beginning the offensive and exercise the province organized many political study classes for managing cadres from the provincial level down to the district and city levels. The localities also strictly implemented a training plan drafted by the province and arranged for the people to study in order to understand the goals, requirements, and contents of the study activity periods. At first the people did not understand the intentions, and some were confused because they were provoked by bad elements, but once they fully understood, they studied voluntarily. In the province as a whole, 170,000 people participated in the three days of concentrated activity. Most of the residents of Hoa Thanh District are adherents of the Cao Dai religion. More than 65,000 of them studied. In Tan Bien, a border district with a large area and small population, 10,000 people participated. With regard to political offenders, criminal offenders, or criminal suspects, including the oppositionists, troublemakers, and other elements, the responsible organs had appropriate forms of study.

It may be said that from the very beginning a revolutionary atmosphere was created and the popular masses unanimously supported the Party, the people's administration, and the armed forces vis-a-vis the policy of attacking criminals and negative phenomena.

In the actual exercise, especially in the concentrated activities involving attacking criminals, not only were the support facilities brought into play well and fully but,

especially, there was also close cooperation among the leadership, the administration, the mass organizations, the armed forces, and the masses, including both religious and non-religious people, in the activities.

The results of the high-priority activities to attack the various kinds of criminal offenders (which lasted only 3 days), according to preliminary statistics, were that the province arrested 1,053 people, 623 people were educated on the spot, 214 people were brought before the people for open criticism, gangs of thieves were eliminated, 152 thieves were arrested (15 of whom were armed robbers), and 27 weapons (including 16 AK's), 1,200 rounds of ammunition, 130 kilograms of TNT, and 15 hand grenades were confiscated. Cultural products confiscated included 589 video tapes and 565 books with bad contents. In Trang Bang District a vehicle transporting contraband goods was searched and 29,400 dollars and four taels of gold were confiscated. When the home of a truck owner in Go Dau was subjected to administrative inspection, 10 taels of gold and 10 million Vietnamese dong were confiscated. In Hoa Thanh District the public security police made arrests in a property corruption case involving 20 tons of honey.

In evaluating that high-priority activity campaign, the secretary of the provincial party committee and the head of the exercise guidance committee said that notable results were attained, that those were initial results, and that even though the elements who cause instability have not been completely eliminated, the combined strength of the proletarian dictatorship have been brought into play, the spirit and tradition of the masses have been aroused, and the masses supported, sympathized with, and participated in the activities, which made the relationship between the Party and the people even closer.

The commander of Military Region 7 observed that the victory of the exercise, especially in the offensive against criminals, revealed the potential strength of the Party and people in Tay Ninh in action.

However, in the high-priority offensive activity campaign against criminals that was part of Tay Ninh's area defense exercise, with regard to the use of combined strength, a number of aspects worth thinking about have surfaced. For example, attention was only paid to motivating the masses and only a small part of the masses participated in opposing criminals, and there was no organization and guidance for the broad masses to participate directly. As suggested by the secretary of the Tay Ninh provincial party committee, attention must be paid to building a core group, not only among the masses but also within the mass organizations. It is necessary to both activate and organize the masses and have regulations and measures to protect them.

**ECONOMIC****Talks on Purchases From Indonesia**

*91SE0056A Jakarta ANGKATAN BERSENJATA in Indonesian 21 Nov 90 p 1*

[Excerpt] Hanoi (ANGKATAN BERSENJATA)—Vietnam hopes Indonesia will help meet its needs for fertilizer, petroleum fuels, and the lease of a Palapa satellite transponder. The transponder would improve Vietnam's communications, particularly by enabling country-wide television broadcasting.

Vietnam's request was disclosed to the press by Radius Prawiro, coordinating minister for economics, finance, industry, and development control, as he described the results of President Suharto's talk with Vietnamese leaders yesterday and of the bilateral discussion held at the ministerial level on political and economic matters. Radius was accompanied by Foreign Minister Ali Alatas and Minister of State and State Secretary Murdiono.

ANGKATAN BERSENJATA correspondent Suryo Pranoto reported last night from Hanoi that President Suharto held separate, successive private meetings with Vietnamese Communist Party Secretary-General Nguyen Van Linh, President Vo Chi Cong, and Council of Ministers Chairman Do Muoi at the presidential palace. Meanwhile, a bilateral discussion on political and economic matters was being held by Indonesian and Vietnamese delegations.

Ali Alatas said that President Suharto's visit to Vietnam, which began last Monday [19 November], has strategic value, opens new horizons, and makes agreements possible on improving cooperation, particularly in economic, technical, and scientific and technological fields. Cooperation agreements in these three areas will be signed by Foreign Minister Ali Alatas and the Vietnamese foreign minister this morning before President Suharto and his delegation depart for Indonesia.

**Vietnamese Progress**

In yesterday's talks, Radius said, Vietnam described a number of ways in which the country has progressed during the last three years, following introduction of "renovation," or "doi-moi," through a freer economic system based on market economy. Under these new policies, Vietnam has reduced inflation from 800 percent per year to 3 percent per month.

The output from agriculture, small industry, and handicrafts has also increased. In fact, the country exported about 1.5 million tons of rice in 1989 and is expected to export the same amount this year.

Radius said Vietnam's request for Indonesian fertilizer can be fulfilled, since Indonesia has a fertilizer excess of about 1 million tons. About 500,000 tons have been committed to the PRC, and the rest can be used by other countries, including Vietnam.

The technical aspects of the petroleum matter will be studied to determine the type of oil needed by Vietnam. The possibility of commercial use of the Palapa satellite by Vietnam is also being studied.

In reply to questions from the press, Radius said that Indonesia openly supports aid to Vietnam by international financial groups such as the World Bank, the Asian Development Bank, and the IMF in order to expedite the country's economic growth. Such aid should be nonbinding and on soft terms.

With regard to bilateral relations, Foreign Minister Ali disclosed that the two countries have agreed to encourage efforts to settle the question of continental shelf boundaries between the two nations. While the resolution of this issue, which actually is almost complete, will be useful to both parties, it will be especially advantageous to Vietnam since it will accelerate the country's development, particularly with regard to oil exploration and exploitation.

The foreign minister said the question of Vietnamese refugees in Indonesia was not specifically discussed. There is a new, gratifying development, however. The refugees are voluntarily leaving Galang Island to return to Vietnam.

Foreign Minister Ali Alatas also described to his counterpart the latest developments with regard to East Timor. Vietnam has a better understanding of Indonesia's position and hopes the issue can be resolved immediately. Vietnam will help to present in international forums some aspects of Indonesia's position. [passage omitted]

**Corporation's Plan for Technical Equipment Upgrade**

*912E0039A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Oct 90 pp 67-69*

[Article by Colonel Tran Duc Nghia: "Truong Son Building General Corporation: Program To Renew Technical Equipment in the Years of 1990-1995"]

[Text] [Editor's note]—*Working in conformity to the new economic management mechanism and carrying out the decision of the National Defense Ministry, at the end of 1989 the army units that had been assigned economic activities were transformed into corporations, general corporations, and so on. In this new way of doing work these corporations and general corporations will probably encounter many doubts and confusing situations, have to work and to learn at the same time, and need to draw experience from their work in order to move forward. In the following article the editorial staff would like to introduce to our readers the way Truong Son Building General Corporation does its work. [end editor's note]*

Some state organs and economic organizations having past or current work relations with Truong Son Building General Corporation (TSBGC) maintain that the general

corporation is very strong in terms of its technical equipment. As we reassess the situation, we think that such an opinion was correct five or 10 years ago.

At the end of 1979, TSBGC (at that time it was called [Military] Corps [Binh doan] 12) sent its people to Hanoi to receive a number of additional army units subordinate to the Economic Building General Department which had been assigned capital construction duties in the North; thus, according to statistical data, the number of vehicles and pieces of machinery acquired then totaled 5,823. The general inventory of September 1980 later showed that the general corporation as a whole had 5,460 vehicles and pieces of machinery. The latter included more than 100 vehicles and machines of great capacity made by Japan, Italy, and America, such as COMASU, Fiat, D9, D7 bulldozers; NISSAN BelAZ trucks; KSS70, D75S, VOLVO power shovels, and so on.

However, because these vehicles and machines had been used for many years, their quality had been decreasing, and some models had become obsolete (particularly the automobiles which mostly were too old, had poor capacity, and used gasoline), in the years from 1981 to 1985 the Ministry of National Defense decided to let TSBGC eliminate from its inventory 1,570 vehicles and machines of various kinds and at the same time allowed it to be resupplied with only 240 vehicles and machines of various kinds. Thus in the 1981-1985 period, the number of vehicles and machines was decreasing at the rate of six to one; as of October 1985, the inventory therefore showed the number to be only 3,655.

From 1986 to 1989, the rate of decrease was even greater—a decrease of eight against one being resupplied. The number of vehicles and machines was 2,866 when 1989 began but dropped to close to 2,400 by the year's end. Those figures included the construction machinery (various kinds of machines primarily used in the capital construction industry), which accounted for nearly 24 percent. The technical coefficient of vehicles and machines was 60 percent; the use coefficient, 60 percent; the book value of fixed assets (vehicles, machinery), 17.5 percent (inventory data as of 1 January 1990).

What we need to be concerned about is the fact that among more than 1,000 vehicles of various kinds we now have, 90 percent of the trucks, 60 percent of the BelAZ trucks, and 65 percent of the command cars are the ones that have become very obsolete. As to the construction machinery, only 40 percent of them are suitable for the current task. Among the Japanese, American, Italian vehicles of great capacity we now have, many have outlast their useful life, and the ones that remain require a great deal of investment in order to maintain their usefulness.

And this does not take into consideration the fact that, because of the change in the economic management mechanism, in 1990 the state assigns the production and business units a single and same goal, namely, tires and tubes for the vehicles; as to the needs for machinery,

equipment, and spare parts, they now come under the system of purchasing and selling by oneself.

As we can see, the technical equipment that TSBGC has in its possession today does not suit its needs and tasks. The corporations and enterprises that build bridges and roads do not have the kind of technical equipment that suits the needs for carrying out advanced industrial construction projects. The technical equipment of the coal-producing enterprises does not satisfy the requirements for making the kind of high-quality coal that foreign customers want. Therefore, we can make an objective observation: "Although the TSBGC house is impressively large, its interior remains poor."

In 1990 and for the 1991-1995 plan, the most primary task of TSBGC still is to build bridges and roads, hydroelectric power plants, and water conservancy works; to produce coal; as well as to carry on combined production-business activities. With such tasks, its program for acquiring new technical equipment will be carried out for six years (1990-1995), with capital investment amounting to 26-28 billion dong (based on actual work-site prices in the 4th quarter of 1989).

**About the list of equipment**, there must be a choice aimed at both getting a uniform renewal and fully using what are presently available, with priority granted to the new production industries. Thus we can plan to buy two additional sets of equipment for making asphalt-surfaced roads (4-5 billion dong); 20 great-capacity bulldozers (14-16 T130's and 4-6 D85-21's) (5 billion dong); 8-10 power shovels with 1.2-2.3-meter scoops (2.5 billion dong); 100 BelAZ trucks of 12-ton capacity or more (7.5 billion dong); command cars and large trucks (4.5 billion dong); and a quantity of bridge-building equipment and other vehicles and machinery (3 billion dong). According to calculations, the average amount of capital invested by TSBGC each year will be 4-4.5 billion dong.

As an immediate thing to do, TSBGC will invest 4 billion dong in 1990 in the immediate purchase of a quantity of equipment to be used to make automobile roads and to extract coal and other pieces of equipment and machinery to be supplied to the units that are short of the necessary equipment.

**About organization**, TSBGC has set up a research team consisting of the heads of the planning, technical matters-vehicles-machinery, project execution, and financial offices, with the head of the planning office being the team leader. This team is assigned the task of studying the plans, both long-term and annual, for getting new technical equipment to suit to the maximum degree the general corporation's tasks and capabilities, as well as advising the director general to help him to make the final decisions, which will serve as a basis for organizing combined, active, and efficient execution of projects.

**About mobilizing capital**, TSBGC will act as follows to get the average capital for investment of 4-4.5 billion dong per year: to boldly borrow capital from the state or the bank amounting to nearly 1 billion/year. Two, to

fully use the capital depreciation allowed according to the state regulations. This capital will gradually increase at the same rate of increase as the equipment is being acquired each year, to the projected amount of 1 billion dong in 1990, 1.2 billion in 1991, 1.4 billion in 1992, 1.6 billion in 1993, 1.8 billion in 1994, and 2 billion in 1995, or an average amount of 1.5 billion dong per year. *Three*, to mobilize the self-supplied capital of the corporations and enterprises, which amounts to an average of 1-1.25 billion dong per year. In 1990 alone, it will mobilize 1.5 billion dong. Depending on their actual contributing capacity, units will contribute capital ranging from the highest amount of 300-400 million dong to the lowest one of 50 million; in subsequent years, capital contributions will continue to decrease until the lowest level will be reached, in 1995. *Four*, to use other sources of capital that TSBGC can gather, which amounts to an average of 1 billion dong/year.

**The method for capital management** is as follows: The self-supplied capital of the unit which purchases the equipment will be included in its fixed assets and managed as capital from a self-supplied source. The money that comes from the capital depreciation and is contributed by the unit to the common fund for purchases of equipment will be used in a fair and rational manner, in accordance with the needs of the task and the amount of self-supplied capital that is contributed each year.

The TSBGC policy of acquiring new technical equipment, which was unanimously accepted by the leading cadres of the corporations, enterprises, and organ offices, has reflected a unity of opinion of high order and the great efforts to organize its implementation. That was why in the first six months of 1990, TSBGC was able to mobilize a total of 2.5 billion dong (excluding a contract signed with Japan for the purchase of an "atfan" concrete-mixing station at the cost of 820 million dong). Within TSBGC, particularly, there are corporations and enterprises which have been able to mobilize large amounts of capital, with the leading one being Corporation 185, 589 million dong; and the next ones, Corporation 472, 334 million; Enterprise 35, 262 million; Enterprise 17, 261 million; Corporation 565, 92 million; Corporation 99, 58 million dong, and so on. Almost all of these amounts of capital have been put aside for the purpose of purchasing vehicles and machinery that are modern and greatly efficient as the program suggested. As a result, on the basis of "vehicle and machine horsepower" standards, the increase in the total number of horsepowers acquired in the first 6 months of 1990 was equal to 65.38 percent of the total number of horsepowers purchased in the three years of 1987, 1988, and 1989 combined.

And so, if there were no great changes, with high determination and responsibility for the present and the future, as well as with a harmonious combination of consumption and accumulation, by 1995 TSBGC would be able to basically renew all of its equipment. The general corporation would be in a strong position in terms of the new management mechanism and work

method. Each year it would be able to contribute 10 percent of the value of its gross production to the state budget and to ensure high income for its workers.

### Anti-Smuggling Fight Seen as Decisive

912E0035A Ho Chi Minh City DAI DOAN KET  
in Vietnamese 25 Sep-1 Oct 90 pp 1, 3

[Article by Quoc Khanh: "HCM City Fights Smuggling: Where Does It Start? - Smuggling of All Kinds of Profitable Goods - Army Parking Lots, Thong Nhat Conference Hall, Where Else? - The Closed Cycle: Dollars-Gold-Smuggled Goods - Anti-Smuggling Fight: The Decisive Confrontation"]

[Text] Just to be fair we must say that foreign goods imported into the country in recent years have helped to slow down inflation, to improve the people's living conditions, and to a certain extent to encourage production installations in the country to be more active. However, once the tariff barrier has lost its effectiveness and the protectionist policy is not implemented, a massive inflow of foreign goods through different channels, particularly the luxury items, will create many damaging consequences: destroying domestic production, creating shortages of gold and dollars, and arousing the mentality of preferring foreign goods within a segment of the population. Some organs, both central and local, because of the great source of illegally-earned income, have defied the law of the country, have engaged in smuggling, and thus provide a good ground for the ills of corruption—graft, tax evasion, bribery, corrupt behavior—to grow.

For a month now Ho Chi Minh City's newly-established *ad hoc* committee in charge of the anti-smuggling task has been working. In spite of the fact that control and inspection have been strengthened at border checkpoints and major communication axes, smuggled goods continue to flow into and to flood the municipality's market. Prices of many luxury items, such as beer in cans and foreign cigarettes and liquor, go up every week and even everyday.

Goods are smuggled mainly through the border provinces: cigarettes through Tay Ninh, Long An, Kien Giang, and An Giang; electric appliances through An Giang; beer in cans through Dong Thap and Kien Giang; motorcycles through Tay Ninh and Long An; luxury cosmetics through Kien Giang. The commonly used means of transportation are state-owned vehicles and boats. Private business people often use buses, junks, and vehicles belonging to a number of army and public security units on economic assignment. When the goods arrive at the gate of the municipality, they use motorcycles, bicycles, and Lambrettas to transport them in. In addition, there are wounded soldiers (there has been no determination yet as to their real or fake identities) who often gather in the cigarette markets (such as Tay Son in Tan Binh District, Hoc Lac in the 5th Precinct, Pham Dinh Ho in the 6th Precinct, and so on) and use Hondas

to transport goods for the private business people while being ready to overpower the control forces.

### Tricks, Both Old and New

Smugglers have been using meticulous and shrewd tricks to bring goods into the municipality. In the case of the state units engaged in business, the major tricks that they use still are lowering the costs of goods in order to avoid paying taxes, reusing tax payment receipts, selling dollars, and repeatedly using customs declarations and customs duties payment receipts. The Dong Thap Domestic Trade Export-Import Corporation imported 5,000 cases of San Miguel beer, sold all of them to the general business and export-import supply station, and later used the same customs declaration and duties payment receipts for this batch of goods to sell another large quantity of beer to two Dong Thap commercial corporations. Later using a xeroxed copy of the same declaration these two corporations sold 4,000 other cases of beer after shipping them to the municipality. Some private business people, operating mainly out of An Giang, used blank invoices and tax payment receipts (provided by the General Materials Corporation, Chau Doc Cultural Services Corporation, tax office of Phu Chau District, and so on) to deal in radio cassette players. Phan Van Son, of 28 Hai Trieu Street in the 1st Precinct, even dared to use the minutes on the release of goods issued by the economic public security office on the previous day to buy more than 100 cases of smuggled beer the next day.

The foreign cigarettes market is now busier than ever as we are approaching the deadline of 0000 hours, 1 October 1990, when the regulation prohibiting the import and circulation of foreign cigarettes will take effect. The quantities of cigarettes which came in through Long An sharply increased (some vehicles transported 30-40 cases each trip; Hondas traveling in convoys of 20-30 vehicles transported 4-5 cases each and made 2-3 trips each day). Cigarettes were put inside fruit baskets, cases of instant noodles, and bran packages, or were carried separately, with the packs being taken from the cartons before being given to carriers, who may be students or unemployed people.

Smuggled goods go around and around through many organs. The Tinh Bien (An Giang) Export-Import Corporation bought Honda cub motorcycles one by one at the border and sold them to the An Giang Services Corporation, which sold them to the store dealing in foreign goods of the Municipal Commercial Service, which finally sold them to an enterprise of the Municipal Produce Corporation.

Smugglers are extremely daring and reckless when they are caught. On the night of 4 August 1990, Tai Gio (or Tai the Speeder, who has this nickname because he always drives at the speed of around 100 kilometers an hour) drove a Ford bearing tag number 50C-00-50 from the main terminal to the 5th Precinct to pick up goods for delivery in Gia Lai-Kontum Province. The vehicle

was fully loaded with foreign beer and cigarettes, which even hid the tag plate and rose 1.5 meters above the roof of the car. When he was spotted at the intersection of Xoviet Nghe Tinh and Dien Bien Phu Streets, Tai Gio sped away and forced the control unit to chase after him in a Jeep and a Honda. On the road between Son Bridge and Subward 25 (Binh Thanh District), he was driving at the speed of more than 100 kilometers an hour to prevent the two vehicles behind him from overtaking his car. When he reached the location of the Subward 25 People's Committee, Tai suddenly moved to the left side of the road and forced the Honda off the road, which resulted in causing injuries to its occupants: Lai, a cadre of the market management office, had a broken leg and a broken knee; No, an economic police officer, was injured. Tai Gio got out of his car and tried to pull Lai from the wrecked car and then to flee again, but by then the Jeep had pulled in front of his car to stop him. Tai then wanted to flee by foot, carrying with him two bags of goods, but he was stopped by Thai, a tax cadre. He delivered several blows and hit Thai's face while trying to escaping. The organs in charge are urgently investigating this case.

Another trick that has been used lately by the smugglers in the municipality is the use of vehicles with two bottoms and two roofs. On 22 August 1990, the Municipal Market Management Committee discovered a gang specialized in buying here and there materials for shipping to Cambodia and transporting smuggled goods into the municipality in such vehicles. Twenty tons of copper bars and discarded-material copper and two trucks having double bottoms and roofs were seized from members of the gang, who now wait for a trial. Ngo Gia Cuong, who transported more than 1,000 cartons of Ruby cigarettes from Rach Gia in his truck bearing tag number 52C-02-53 and having two bottoms, where the goods were hidden, was arrested after the discovery of the smuggled goods. The following day 12 people who identified themselves as wounded soldiers came to claim the goods, but the municipality's market management office firmly rejected their request. A number of private business people, who are specialized in long-distance smuggling, would bring their vehicles to the parking lot of the Military Region 7 Engineer Corps at 522 Nguyen Tri Phuong Street (in the 10th Precinct) if they were discovered. It would be very difficult for the market management forces to enter the parking lot to check, but dealers could go in and out freely.

Another meticulous trick that is used to avoid paying taxes is to import goods in the name of a friend or to allow goods to make a transit through the municipality. Three trucks carrying cigarettes, beer in cans, liquor, and cotton materials made a transit in Ho Chi Minh City through the Moc Bai checkpoint. As soon as they arrived, a large quantity of the goods was sold in the municipality. By the time the market management officers notified the municipal customs office and asked them to come and work the case, the three trucks had long been gone.

In addition to the luxury goods, some lines of goods which the domestic manufacturers are more than capable of producing are also imported in a careless manner. The Metraco Corporation (in Ben Tre) imported 71,218 dollars worth of instant noodles, cakes, green oil, and so on. Mihaimex Corporation (in Minh Hai) imported as much as 60,000 dollars worth of green oil. The oil later was taken into the municipality by private business people for sale. The Tam Binh Union of Production and Export-Import Enterprises (in Cuu Long) imported a total of 89,127 dollars of smoked fish, preserved fruits, sandals, shampoo lotion, handbags, sunglasses, cotton materials, and underwears. Something very strange is the fact that this unit currently is located and operates without a license right in the Thong Nhat Conference Hall area.

### Fighting Smuggling—An Urgent Task

Smuggling has been creating considerable adverse socio-economic consequences. Fighting smuggling means fighting not only the goods that have evaded duties but also the goods that illegally go through the borders. The state advocates fighting smuggled goods but not foreign goods, mostly the essential ones that the country cannot as yet produce enough to satisfy the consumption needs. The closed cycle of dollars-gold-smuggled goods will continue to exist if smuggling is rampant. Fighting smuggling really is a bitter confrontation between two concepts—immediate and local profits and long-term interests of the national economy.

So where do we start the fight against smuggling? As we talked to Le Minh Chau, director of the Commercial Service and deputy chief of the municipality's *ad hoc* committee, we were told that the municipality would soon carry out a total review of the registered enterprises, businesses, and services; encourage the business people to respect the law and to contribute to discovering the smuggled goods; and move toward replacing the present business licenses. Later it would organize (selected) control activities in the key locations where speculation and hoarding are common, collect taxes in a correct manner in accordance with the state tax policies, and at the same time promote circulation of all domestically-made products.

As to the targets of these control activities, they are first of all the households that deal in cigarettes, beer, and liquor; the units of friendly provinces and the central administration that operate in the municipality; and the private households that deal in foreign goods in a centralized manner.

Now that we have a policy calling for fighting smuggling we must totally rather than partially implement it. The residents of Ho Chi Minh City are waiting for positive results to be obtained by the forces that are taking part in the fight against smuggling this time.

## SOCIAL

### Report of Problems in Rice Export

912E0031A Hanoi DAI DOAN KET in Vietnamese  
19-25 Sep 90 p 2

[Article by Thai Duy: "The Rice Fever; Part 2 Quota, Quota, Quota"]

[Text] Coconuts are a special product and the export strength of Ben Tre. Let's name the four coconut export products purchased by foreign countries: coconut oil (20,000 tons a year); coir [coconut fiber] (20,000 tons a year); coconut fiber mats; and copra [dried coconut meat]. This does not include the coconut shell dippers sold to France.

Going to Ben Tre at the end of July to work in the districts of Chau Thanh, Giong Trom, and Mo Cay, I saw tens of millions of unwanted, unpicked, or stacked up stagnating coconuts, worth only 100 to 150 dong each; to some people, it is not an exaggeration to say that a glass of coconut juice in Ben Tre is only worth a glass of boiled water at other places. Ben Tre has many orchards and a few rice fields and annually harvests about 300,000 tons of fruit (bananas, rambutans, durians, mangoes, etc.) but exports only 5,000 tons. Nearly 20,000 tons of refined sugar remain unsold. Nor is there a market for the 10,000 tons of dried manioc.

The export product of Ben Tre at this time is rice; both district and provincial authorities are concentrating on obtaining rice export quotas.

In a number of other provinces, there are also stockpiles of coconuts, manioc, handicraft articles, etc. Tay Ninh has stockpiles of peanuts, tapioca flour and dried manioc; the surplus of manioc was so great that fresh manioc can be dug up for free in order to make room for other crops. There are even stockpiles of soybeans with producers failing to recoup their capital outlay; everyone who can read a newspaper finds it odd that bean curd and soy milk are hard to find in rural areas, families find it difficult to find a few kilograms of soybeans to make soybean sauce.

This "easy to make but hard to get rid of" procedure, fairly common for several years, is continuing in a number of localities; rice has "ascended the throne." [as published] At present, the concentration is on rice, a product that can easily bring in foreign exchange. Nobody has any concern for other products that are stagnant. Leaders in many localities actively call upon everyone to promote production but when products become stockpiled, they fail to actively alleviate difficulties with the producer; sometimes the producer feels like an "abandoned child" since he has outstandingly completed his production mission but is unable to sell his products and must dump them on the market with a loss in capital. Some comrades cling to higher authorities for quotas and insist on obtaining rice export permits for their province but none has been seen doing this to

resolve the backlogs of countless other products. Some of these products are temporarily difficult to sell and domestic and foreign markets must be sought; others need to be subsidized or receive tax reductions or exemptions to facilitate sales.

Of course, not a few of the difficulties have objective causes. For example, for too many years, production has failed to maintain close contact with consumption; obstructions, checkpoints to good circulation persisted; severe prejudice has existed against trades; businesses shifting to a still extremely unfamiliar commodity economy lack experience in searching for markets, in advertising and introducing products, and in creating many new, appealing goods; up to now, the producer has usually "born the brunt" of stockpiled products, with responsible cadres almost never incurring any losses; when price subsidies are deemed necessary, the sharing of producer losses by the state is still something too new, etc.

Even though rice is being exported from both the north and south, farmers in many places have not yet clearly recognized how they can benefit from such exports when the price of paddy is still low compared with that of industrial goods, especially agricultural materials, but a number of cadres are becoming rich. The situation of "one beats the bushes while the other catches the birds" is happening in rice export. Along with the many cadres who devotedly participate in the task of exporting rice while actively safeguarding the funds of the state and people, there are also not a few individuals seeking only to get rich from the sweat of the farmer. The newspaper NONG DAN VIET NAM [Vietnamese Farmer] reported that an export corporation forced farmers to sell paddy at only 180 to 200 dong per kilogram, less than their production costs; in addition, for every quintal [100 kilograms] of paddy sold, farmers have to submit 5 kilograms at no cost as a "precaution against spoilage." The mechanism of bureaucratic centralism has produced many cadres accustomed only to the making profit from price disparities; they become rich without working hard, they are quick to grab opportunities where they can use tricks to squeeze money out of the state and people to enrich themselves as easy as child's play and without

sweating at all; they become extremely sensitive to everything and are able to apply tricks to exploit money from the state and people.

From wheeler-dealers who procure rice in the villages, to individuals who run around to request quotas, everyone is using dishonest tricks. There are several ways to profit from quotas. The most ingenious cases are those in which individuals obtain quotas and then resell them in locations that have rice but have not been able to obtain quotas. These places will buy the quotas and pay the sellers after the rice is sold. For each ton of rice, they have to pay the quota seller five to 10 dollars. If 5,000 tons of rice are exported, the quota sellers and their accomplices reap a few ten thousand dollars and easily become millionaires.

Villages, districts, agencies, and organizations all request permission to export rice; and in some locations, the districts do not trust their province so they try to find other sources to help them export rice. Working with a number of provinces and districts with rice and a number of other products for export, Comrade Vo Van Kiet, Political Bureau member and first vice chairman of the Council of Ministers, has urged local leaders to make sure that their people have enough rice to feed themselves and some grain reserve before rice exports are permitted; they must strictly control the use of foreign exchange, above all they must use it to support those facilities presently engaged in production of export products.

There are locations that, through an infatuation with foreign exchange, have inflated their rice output in order to procure rice for export. The popular expectation is that each locality must publicly report to the people and specifically before the people's council the amount of foreign exchange acquired and on how it has been used, with specific details, so representatives of the people may contribute their opinions.

The following example is presented to show another view. Some district and provincial hospitals have a shortage of or dilapidated ambulances but still have foreign exchange to import passenger cars; not to mention the hospitals with shortages of every type of equipment, medical instruments and medicines which are importing unnecessary luxurious amenities for the offices of a number of agencies.